

REDACTED – FOR PUBLIC
INSPECTION



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June 30, 2016

VIA ELECTRONIC FILING AND U.S. MAIL

Ms. Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street SW
Washington, D.C. 20554

**Re: WC Docket No. 16-206
Supplement to Joint Application for Domestic Transfer of Control**

Dear Ms. Dortch:

Transmitted herewith is a Supplement to the Joint Application for Domestic Transfer of Control (“Supplement”) filed with the Federal Communications Commission (“FCC” or “Commission”) by Axia NetMedia Corporation (“Axia Canada”), Axia NGNetworks USA, Inc. (“Axia U.S.”), and Axia NGNetworks Trust (“Transferee”) (collectively “Applicants”) on June 22, 2016.

Pursuant to email correspondence with Jodie May of the Wireline Competition Bureau, Applicants were asked to provide further documentation to supplement their original Joint Application for Domestic Transfer of Control. Specifically, Applicants were asked to provide (1) The arrangement agreement (“Arrangement Agreement”) executed March 9, 2016, between Digital Connection (Canada) Corp. (“DCC”) and Axia Canada, whereby DCC will acquire all of the issued and outstanding Axia Canada shares; (2) A trust agreement (“Trust Agreement”) executed June 22, 2016 between Axia Canada, as Depositor, and FSM Capital Management LLC (“FSM” or “Operating Trustee”), as Operating Trustee, whereby FSM will assume de jure and de facto control of Axia U.S.; and (3) A statement of consent (“Consent”) executed on June 22, 2016 by DCC whereby DCC consented to Axia Canada’s execution of the Trust Agreement and transfer of all Axia U.S. shares to the Trust.

As outlined in the Request for Confidential Treatment attached to this filing, Applicants seek confidential treatment under Section 0.459 of the Commission’s rules¹ for the Trust Agreement

¹ 47 C.F.R. § 0.459. This includes the related provisions of the Freedom of Information Act (“FOIA”) including, but not necessarily limited to, Section 552(b)(4), 5 U.S.C. § 552(b)(4).

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and Consent document between DCC and Axia Canada; those documents are redacted for the filing to the public docket.

The following documents are included in this Supplement:

- Attachment 1: Arrangement Agreement (85 pages)
- Attachment 2: Trust Agreement – Redacted (1 page)
- Attachment 3: Consent – Redacted (1 page)

Should any questions arise with regard to this matter, please do not hesitate to contact me.

Respectfully submitted,



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cc: Arthur Price, Chairman and CEO, Axia NetMedia Corporation
Jeffrey M. Embleton

DIGITAL CONNECTION (CANADA) CORP.

and

AXIA NETMEDIA CORPORATION

ARRANGEMENT AGREEMENT

MARCH 9, 2016

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ARRANGEMENT AGREEMENT

THIS ARRANGEMENT AGREEMENT dated March 9, 2016,

BETWEEN:

DIGITAL CONNECTION (CANADA) CORP., a corporation
existing under the laws of the Province of Alberta ("**Purchaser**")

- and -

AXIA NETMEDIA CORPORATION, a corporation existing
under the laws of the Province of Alberta ("**Axia**")

RECITALS:

- A. The Purchaser desires to acquire all of the issued and outstanding Axia Shares by way of a statutory plan of arrangement under the provisions of the ABCA.
- B. The Axia Board (subject to the abstention of Arthur R. Price) has determined, after receiving a recommendation from the Axia Special Committee, that the Arrangement is in the best interests of Axia, and the Axia Board (subject to the abstention of Arthur R. Price) has resolved to recommend that the Axia Shareholders vote in favour of the Arrangement, all subject to the terms and conditions contained in this Agreement.
- C. As an inducement to the willingness of the Purchaser to enter into this Agreement, the Locked-up Shareholders have entered into Voting Agreements with the Purchaser which have been delivered to the Purchaser contemporaneously with the execution of this Agreement.

THIS AGREEMENT WITNESSES THAT in consideration of the covenants and agreements herein contained and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the Parties hereto covenant and agree as follows:

ARTICLE 1
INTERPRETATION

1.1 Definitions

In this Agreement, including the recitals hereto, unless the context otherwise requires:

"**ABCA**" means the *Business Corporations Act* (Alberta) and the regulations made thereunder, as now in effect and as they may be promulgated or amended from time to time;

"**Acquisition Proposal**" means, other than the transactions contemplated by this Agreement, any inquiry or communication or the making of any *bona fide* proposal or offer, public announcement, expression of interest or inquiry from any Person or group of Persons "acting jointly or in concert" (within the meaning of MI 62-104) (other than from the Purchaser or any of

its Affiliates), whether or not subject to due diligence or other conditions and whether oral or in writing, which constitutes, or may reasonably be expected to lead to (in any case, whether in a single transaction or a series of related transactions): (a) any acquisition, purchase, alliance or joint venture (or any lease, long-term supply agreement, exclusive license or other arrangement having the same economic effect as a sale), direct or indirect, of or involving the assets of Axia and/or one or more of its Subsidiaries that, individually or in the aggregate, constitute 20% or more of the consolidated assets of Axia and its Subsidiaries, taken as a whole (assuming for these purposes that Covage was proportionally consolidated with Axia and its other Subsidiaries under IFRS), or which contribute 20% or more of the consolidated revenues of Axia and its Subsidiaries, taken as a whole (assuming for these purposes that Covage was proportionally consolidated with Axia and its other Subsidiaries under IFRS); (b) any take-over bid, tender offer or exchange offer, or any direct or indirect sale, issuance or acquisition of voting or equity securities (or securities convertible into or exercisable for such voting or equity securities) of Axia or any of its Subsidiaries that, if consummated, would result in any Person, or group of Persons beneficially owning 20% or more of any class of voting or equity securities of Axia or any of its Subsidiaries **[exception containing commercially sensitive information intentionally redacted]** that, individually or in the aggregate, constitute 20% or more of the consolidated assets of Axia and its Subsidiaries, taken as a whole, or which contribute 20% or more of the consolidated revenues of Axia and its Subsidiaries, taken as a whole (assuming for these purposes that Covage was proportionally consolidated with Axia and its other Subsidiaries under IFRS); (c) any plan of arrangement, merger, amalgamation, consolidation, share exchange, business combination, reorganization, recapitalization, liquidation, dissolution or other similar transaction involving Axia and/or any of its Subsidiaries whose assets or revenues, individually or in the aggregate, constitute 20% or more of the consolidated assets or contribute 20% or more of the consolidated revenues, as applicable, of Axia and its Subsidiaries, taken as a whole (assuming for these purposes that Covage was proportionally consolidated with Axia and its other Subsidiaries under IFRS); (d) any take-over bid, tender offer or exchange offer for, or any direct or indirect sale or acquisition of 20% or more of Axia's 50% equity ownership of Covage; or (e) any other similar transactions involving Axia or its Subsidiaries which would or could reasonably be expected to materially impede, interfere with, prevent or delay the transactions contemplated by this Agreement or the Arrangement or which would or could reasonably be expected to materially reduce the benefits to the other Party under this Agreement or the Arrangement; provided that, for greater certainty, **[exception containing commercially sensitive information intentionally redacted]** shall not constitute an Acquisition Proposal;

"Affiliate" has the meaning ascribed thereto in NI 45-106, provided that with respect to Axia, except as otherwise provided for in this Agreement (including in Section 1.8), the term Affiliate shall include Covage;

"Agreement" means this arrangement agreement, including all schedules annexed hereto, together with the Axia Disclosure Letter as the same may be amended, supplemented or otherwise modified from time to time in accordance with the terms hereof;

"Arrangement" means the arrangement of Axia under Section 193 of the ABCA on the terms and subject to the conditions set out in the Plan of Arrangement, subject to any amendments or variations thereto made in accordance with Section 8.4 hereof or the Plan of Arrangement or made at the direction of the Court in the Final Order (provided that any such amendment or variation is acceptable to the Parties, acting reasonably);

"Arrangement Resolution" means the special resolution of Axia Shareholders approving the Plan of Arrangement, which is to be considered at the Axia Shareholder Meeting and shall be substantially in the form of Schedule B hereto, including any amendments or variations thereto made in accordance with the provisions of this Agreement or at the direction of the Court in the Interim Order, in each case with the consent of Axia and the Purchaser, acting reasonably;

"Articles of Arrangement" means the articles of arrangement of Axia in respect of the Arrangement required by the ABCA to be sent to the Registrar after the Final Order is made in order for the Arrangement to become effective, which shall include the Plan of Arrangement and otherwise be in a form and content satisfactory to the Parties, each acting reasonably;

"Authorization" means, with respect to any Person, any Order, Permit, waiver, or similar authorization of any Governmental Entity having jurisdiction over the Person;

"Axia" has the meaning ascribed thereto in the preamble hereto;

"Axia 2016 Budget" means the budget documents of Axia for the fiscal year ended December 31, 2016 set forth in Schedule 5.1(b)(ix) of the Axia Disclosure Letter;

"Axia Benefit Plans" means any pension or retirement income plans or other benefit plans, agreements, policies, programs, arrangements, practices or undertakings, whether written or oral, formal or informal, funded or unfunded, insured or uninsured, registered or unregistered, which are maintained by or binding upon any of the Axia Entities for which such entity has, or will have, any liability or contingent liability, or pursuant to which payments are made, or benefits are provided to, or an entitlement to payments or benefits may arise with respect to, any current or former employees, directors or officers, individuals working on contract, or other individuals providing services to any of the Axia Entities (or any spouses, dependents, survivors or beneficiaries of such persons) excluding Statutory Plans and excluding the Axia Option Plan, the Axia LTI Plan, the Axia Share Purchase Plan, and any other security-based compensation arrangement;

"Axia Board" means the board of directors of Axia as the same is constituted from time to time;

"Axia Change in Recommendation" has the meaning ascribed thereto in Section 8.2(a)(iii)(A);

"Axia Circular" means, as the context requires, the notice of the Axia Shareholder Meeting and accompanying management information circular, including all schedules, appendices and exhibits thereto, enclosures therewith and information incorporated by reference therein, to be sent to Axia Shareholders in connection with the Axia Shareholder Meeting, as amended, supplemented or otherwise modified from time to time;

"Axia Disclosure Letter" means the disclosure letter dated the date of this Agreement and executed by Axia and delivered to the Purchaser prior to or concurrent with the execution of this Agreement;

"Axia DSU" means a deferred share unit issued under the Axia LTI Plan;

"Axia Employees" means the directors, officers, employees and independent contractors of the Axia Entities;

"Axia Entities" means, collectively, Axia, Axia Connect Ltd., Axia NGNetworks USA, Inc., Axia SuperNet Ltd., Axia Connect Ltd., Axia NGNetworks Canada Ltd., Axia NGNetworks Luxembourg S.A. and, except as otherwise provided for in this Agreement (including in Section 1.8), Covage;

"Axia Expense Reimbursement Payment" has the meaning ascribed thereto in Section 8.3(e);

"Axia Financial Statements" has the meaning ascribed thereto in Section 3.1(r)(i);

"Axia LTI Plan" means the long term incentive plan of Axia pursuant to which Axia DSUs are granted to certain directors of Axia and Axia RSUs are granted to certain service providers to Axia;

"Axia Material Contract" has the meaning ascribed thereto in Section 3.1(l);

"Axia Option Plan" means the option plan of Axia pursuant to which Axia Options were previously granted to certain service providers to Axia;

"Axia Options" means the outstanding options to purchase Axia Shares granted under the Axia Option Plan;

"Axia Public Documents" means all forms, reports, schedules, statements and other documents filed by Axia on SEDAR since December 31, 2014;

"Axia Resigning Directors and Officers" means John K. Read, C. Kent Jespersen, William H. Smith, Murray Wallace and Fredrick D. DiSanto;

"Axia RSU" means a restricted share unit issued under the Axia LTI Plan;

"Axia Share Purchase Plan" means the stock purchase plan of Axia pursuant to which Axia Shares are purchased in the market on behalf of service providers to Axia;

"Axia Shareholder Approval" has the meaning ascribed thereto in Section 2.2(b);

"Axia Shareholder Meeting" means the special meeting of Axia Shareholders, including any adjournment or postponement thereof, to be called and held in accordance with the Interim Order to consider the Arrangement Resolution;

"Axia Shareholders" means the holders of Axia Shares;

"Axia Shares" means the common shares in the authorized share capital of Axia;

"Axia Special Committee" means the special committee of the Axia Board;

"Axia Transaction Costs" means, collectively, all costs of Axia (whether incurred, accrued or billed) in connection with the Arrangement including, without limitation, severance, change of control payments, fees and expenses of financial advisors or dealers, legal advisors, auditors, or other professionals or consultants, and printing, mailing and other costs and expenses relating to the Arrangement;

"**Business**" means the business carried on by the Axia Entities as of the date hereof, which includes the ownership and operation of fibre optic communications networks and other related services in Alberta, France and Massachusetts;

"**Business Day**" means any day, other than a Saturday, a Sunday or a statutory or civic holiday in Calgary, Alberta;

"**Cash Balance of Available Funds**" means the total amount of funds in the bank accounts of the Axia Entities (excluding Covage);

"**Certificate of Arrangement**" means the certificate or other confirmation of filing to be issued by the Registrar pursuant to Subsection 193(11) of the ABCA giving effect to the Arrangement;

"**Competition Act**" means the *Competition Act* (Canada), as amended, and includes the regulations promulgated thereunder;

"**Confidentiality Agreement**" means the confidentiality agreement between Partners Group (USA) Inc. and Axia's representative dated October 6, 2015;

"**Consideration**" means \$4.25 per Axia Share, payable in cash;

"**Contract**" means any contract, agreement, license, franchise, lease, arrangement, commitment, understanding, joint venture, partnership or other right or obligation (written or oral) to which a Party or any of its Subsidiaries (for greater certainty, in the case of Axia, including Covage) is a party or by which it or any of its Subsidiaries (for greater certainty, in the case of Axia, including Covage) is bound or affected or to which any of their respective properties or assets is subject;

"**Court**" means the Court of Queen's Bench of Alberta;

"**Covage**" means Covage SAS;

[commercially sensitive information intentionally redacted] has the meaning ascribed thereto in Section 3.1(r)(ii);

[commercially sensitive information intentionally redacted]

"**Depository**" means any trust company, bank or other financial institution agreed to in writing by Axia and the Purchaser for the purpose of, among other things, exchanging certificates representing Axia Shares for the Consideration in connection with the Arrangement;

"**Directors and Officers**" has the meaning ascribed thereto in Section 5.7(c);

"**Dissent Rights**" means the rights of dissent exercisable by the registered Axia Shareholders in respect of the Arrangement described in the Plan of Arrangement;

"**Effective Date**" means the date that all of the conditions to the Arrangement have been satisfied or waived in accordance with the terms of this Agreement and the Plan of Arrangement and all documents agreed to be delivered hereunder have been delivered to the satisfaction of the Parties hereto, acting reasonably, which will be the date shown on the Certificate of Arrangement giving effect to the Arrangement;

"Effective Time" has the meaning ascribed thereto in the Plan of Arrangement;

"Environmental Laws" means all applicable Laws, agreements with Governmental Entities, and other statutory and regulatory requirements relating to public health or the protection of the environment and all Authorizations issued pursuant to such Laws, agreements or statutory and regulatory requirements;

"Environmental Permits" means all Permits with or from any Governmental Entity under any Environmental Laws;

"Expense Reimbursement Payment" has the meaning ascribed thereto in Section 8.3(d);

"FCC Domestic Section 214 Application" means an application pursuant to 47 C.F.R. §§ 63.03 and 63.04 seeking Federal Communications Commission approval of a transfer of a domestic authorization to provide telecommunications services in connection with an assignment of the authorization or a transfer of control over the authorization;

"FCC Domestic Section 214 Approval" means approval from the Federal Communications Commission for a transfer of domestic authorization to provide telecommunications services in connection with an assignment of the authorization or a transfer of control over the authorization;

"Final Order" means the final order of the Court, in a form acceptable to Axia and the Purchaser, each acting reasonably, approving the Arrangement, as such order may be amended by the Court (with the consent of each of Axia and the Purchaser, each acting reasonably) at any time prior to the Effective Date or, if appealed, then, unless such appeal is withdrawn or denied, as affirmed or as amended (provided that any such amendment is acceptable to such Parties, each acting reasonably) on appeal;

"Financing Commitment Letters" means the executed commitment letter dated March 9, 2016 provided by the parent company of the Purchaser and the investors in the parent company of the Purchaser, providing for the commitment to fund the Purchaser's obligations pursuant to the Arrangement;

"Governmental Entities" means: (a) any multinational, federal, provincial, territorial, state, regional, municipal, local or other government, governmental or public department, central bank, court, tribunal, arbitral body, commission, board, ministry, bureau, agency or entity, domestic or foreign; (b) any stock exchange, including the TSX; (c) any subdivision, agent, commission, board or authority of any of the foregoing; or (d) any quasi-governmental or private body, including any tribunal, commission, regulatory agency or self-regulatory organization, exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing;

"Hazardous Substance" means any pollutant, contaminant, waste or chemical or any toxic, radioactive, ignitable, corrosive, reactive or otherwise hazardous or deleterious substance, waste or material that is regulated or defined pursuant to any Environmental Law;

"ICA National Security Clearance" means that either: (a) forty-five (45) days shall have elapsed from the date of certification of completeness of the Purchaser's ICA Notification and Purchaser shall not have received a notice under either subsection 25.2(1) or subsection 25.3(2) of the Investment Canada Act; or (b) if the Purchaser has received a notice referred to in clause

(a) above, then the Purchaser shall have subsequently received one of the following notices: (i) a notice under paragraph 25.2(4)(a) of the Investment Canada Act indicating that no order for the review of the transactions contemplated by this Agreement will be made under subsection 25.3(1) of the Investment Canada Act; (ii) a notice under paragraph 25.3(6)(b) of the Investment Canada Act indicating that no further action will be taken in respect of the transactions contemplated by this Agreement; or (iii) a notice under subsection 25.4(1)(b) of the Investment Canada Act that the Governor in Council authorizes the completion of the transactions contemplated by this Agreement on terms satisfactory to the Purchaser, acting reasonably;

"ICA Notification" means a notification of the transactions contemplated hereby, in the prescribed form, filed by Purchaser under Part III of the Investment Canada Act;

"IFRS" means International Financial Reporting Standards, as established by the International Accounting Standards Board, as adopted by the Canadian Institute of Chartered Accountants;

"including" means including without limitation, and **"include"** and **"includes"** have a corresponding meaning;

"Intellectual Property" means domestic and foreign intellectual property rights including: (a) inventions, patents, applications for patents and reissues, divisions, continuations, re-examinations, renewals, extensions and continuations-in-part of patents or patent applications; (b) copyrights, copyright registrations and applications for copyright registration; (c) mask works, mask work registrations and applications for mask work registrations; (d) designs and similar rights, design registrations, design registration applications and integrated circuit topographies and similar rights; (e) trade names, business names, corporate names, domain names, website names and world wide web addresses, common law trade-marks, trade-mark registrations, trade mark applications, trade dress and logos, and the goodwill associated with any of the foregoing and (f) trade secrets, confidential information and know how;

"Interested Shareholder" means any Axia Shareholder the vote of which is required to be excluded from the "minority approval" vote under MI 61-101;

"Interim Order" means the interim order of the Court contemplated by Section 2.2 of this Agreement, in a form acceptable to Axia and the Purchaser, each acting reasonably, providing for, among other things, the calling and holding of the Axia Shareholder Meeting, as the same may be amended by the Court with the consent of Axia and the Purchaser, each acting reasonably;

"Investment Canada Act" means the *Investment Canada Act* (Canada), as amended, and includes the regulations promulgated thereunder;

"Investment Review Director" means the officer, known as the Director of Investments, appointed by the Minister responsible for the administration of the Investment Canada Act;

"Key Regulatory Approvals" means the ICA National Security Clearance and the FCC Domestic Section 214 Approval;

"Law" or **"Laws"** means all laws (including common law), by-laws, statutes, rules, regulations, principles of law and equity, orders, rulings, ordinances, judgements, injunctions,

determinations, awards, decrees or other requirements, whether domestic or foreign, and the terms and conditions of any Permit of or from any Governmental Entity or self-regulatory authority (including the TSX), and the term "**applicable**" with respect to such Laws and in a context that refers to a Party, means such Laws as are applicable to such Party and/or its Subsidiaries or their business, undertaking, property or securities and emanate from a Person having jurisdiction over the Party and/or its Subsidiaries or its or their business, undertaking, property or securities;

"**Liens**" means any pledge, assignment, encumbrance, lien, security interest, option, right of first refusal, easement, mortgage, charge, hypothec, indenture, deed of trust, statutory or deemed trust, right of way, restriction on the use of real property, encroachment, licence to third parties, lease to third parties, security agreement, collateral assignment, title retention, conditional sale, or any other encumbrance and other restriction or limitation on use of real or personal property or irregularities in title thereto, whether contingent or absolute, and any agreement, option, right or privilege (whether by Law, contract or otherwise) capable of becoming any of the foregoing;

"**Locked-up Shareholders**" means Ancora Advisors LLC and each of the Directors and Officers of Axia, and companies controlled by such Persons;

"**Matching Period**" has the meaning ascribed thereto in Section 7.1(e)(v);

"**Material Adverse Effect**" means any fact, event, occurrence, condition, change or effect that, when considered either individually or in the aggregate, is materially adverse to, or would reasonably be expected to have a material and adverse effect on, the business, operations, assets, liabilities or financial condition of the Axia Entities taken as a whole (assuming for these purposes that Covage was proportionately consolidated with Axia and its other Subsidiaries under IFRS) (and provided for greater certainty that the following events are deemed to be a Material Adverse Effect: **[deemed material adverse effect containing commercially sensitive information intentionally redacted]**), except to the extent that the material adverse effect results from or is caused by: (a) the announcement of this Agreement or the identity of the Purchaser or its Affiliates; (b) any change in the market price or trading volume of any securities of Axia (it being understood that the causes underlying such change in market price or trading volume may be taken into account in determining whether a Material Adverse Effect has occurred), or any suspension of trading in securities generally on any securities exchange on which the securities of Axia trade; (c) any changes affecting industries generally in which the Axia Entities operate; (d) general economic, financial, currency exchange, securities or commodity market conditions in Canada, the United States or France; (e) any generally applicable change or proposed change in Laws or in the interpretation or application of any Laws by any Governmental Entity; (f) the commencement or continuation of any war, armed hostilities or acts of terrorism; (g) any natural disaster; (h) changes or developments in or relating to interest rates or rates of inflation; (i) any failure to meet any internal or publicly disclosed projections, forecasts or estimates of, or guidance relating to, revenue, earnings, cash flow or other financial metrics of the Axia Entities, whether made by or attributed to Axia or any financial analyst (it being understood that the causes underlying such failure to meet any such internal or publicly disclosed projections, forecasts, estimates or guidance may be taken into account in determining whether a Material Adverse Effect has occurred); (j) any change in IFRS; (k) any action taken (or omitted to be taken) upon the request of, or with the consent of, the Purchaser; or (l) any action taken by the Axia Entities which is required to be taken pursuant to

this Agreement; provided, however, that with respect to clauses (c), (d), (e), (f) and (g), such changes, effects, events, occurrences or states of fact do not have a disproportionate effect on the Axia Entities, taken as a whole (assuming for these purposes that Covage was proportionately consolidated with Axia and its other Subsidiaries under IFRS), as compared to other companies of similar size operating in industries in which the Axia Entities operate; and references in this Agreement to dollar amounts are not intended to be, and shall be deemed not to be, illustrative or interpretative for the purpose of determining whether a Material Adverse Effect has occurred;

"material fact" and **"material change"** have the meanings ascribed thereto in the Securities Act;

"MI 61-101" means Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions*;

"MI 62-104" means Multilateral Instrument 62-104 – *Take-Over Bids and Issuer Bids*;

"misrepresentation" has the meaning ascribed thereto in the Securities Act;

"Network Assets" means the fibre optic and other communications networks (including the assets, property and associated rights) of the Axia Entities;

"NI 45-106" means National Instrument 45-106 – *Prospectus Exemptions* of the Canadian Securities Administrators;

"Oppenheimer" means Oppenheimer & Co. Inc., Axia's financial advisor in respect of the Arrangement;

"ordinary course of business", **"ordinary course of business consistent with past practice"**, or any similar reference, means, with respect to an action taken by a Person, that such action is consistent in nature and scope with the past practices of such Person and is taken in the ordinary course of the normal day-to-day business and operations of such Person;

"Orders" means orders, injunctions, judgments, administrative complaints, decrees, rulings, awards, assessments, directions, instructions, penalties or sanctions issued, filed or imposed by any Governmental Entity or arbitrator and having the force of law;

"Outside Date" means May 31, 2016, or such later date as may be agreed to in writing by the Parties, subject to the right of either Party to postpone the Outside Date for up to an additional 60 days (in thirty-day increments) if the Key Regulatory Approvals have not been obtained, by giving written notice to the other Party to such effect no later than 5:00 p.m. (Calgary time) on the date that is not less than five Business Days prior to the original Outside Date (or any subsequent Outside Date, as applicable), provided that, notwithstanding the foregoing, a Party shall not be permitted to extend the Outside Date if the failure to obtain such Key Regulatory Approvals is primarily the result of such Party's failure to comply with its covenants herein;

"Parties" means Axia and the Purchaser, and **"Party"** means any one of them as the context requires;

"Permit" means any license, permit, certificate, consent, grant, approval, agreement, classification, restriction, registration or other Authorization of, from or required by any Governmental Entity, including any Environmental Permit;

"Permitted Liens" means: (a) the reservations, limitations, provisos and conditions expressed in the original grant from the Crown and recorded against title and any statutory exceptions to title; (b) inchoate or statutory liens of contractors, subcontractors, mechanics, workers, suppliers, materialmen, carriers and others in respect of the construction, maintenance, repair or operation of real or personal property; (c) easements, servitudes, restrictions, restrictive covenants, party wall agreements, rights of way, licenses, Permits and other similar rights in real property (including, without limiting the generality of the foregoing, easements, rights of way and agreements for sewers, drains, gas and water mains or electric light and power or telephone, telecommunications or cable conduits, poles, wires and cables) that do not, individually or in the aggregate, materially and adversely impair the current use and operation thereof (assuming its continued use in the manner in which it is currently used); (d) encroachments that do not materially impair or affect the current use or value of any real property and minor defects or irregularities in title to any real property; (e) Liens for Taxes in respect of any real property, not yet due or in respect of which an applicable reserve has been made; (f) zoning and building by-laws and ordinances, airport zoning regulations, regulations made by public authorities and other restrictions affecting or controlling the use or development of any real property; (g) agreements affecting real property with any municipal, provincial or federal governments or authorities and any public utilities, including (without limitation) subdivision agreements, development agreements, and site control agreements, in each case that do not, individually or in the aggregate, materially and adversely impair the current use and operation thereof (assuming its continued use in the manner in which it is currently used); (h) any notices of leases registered on title and licenses of occupation; (i) Liens that are not in respect of borrowed money or financial obligations but only to the extent such Liens conform to their description in Section 3.1(cc) of the Axia Disclosure Letter; (j) purchase money liens and liens securing rental payments under capital lease arrangements; and (k) all bona fide non-financial third party restrictions, easements, rights-of-way, and other similar matters of record set forth in any provincial, local or municipal registry under which the Business is conducted which do not individually or in aggregate materially interfere with the present use of the assets of the Business.

"Person" includes an individual, partnership, association, body corporate, trustee, executor, administrator, legal representative, government (including any Governmental Entity) or any other entity, whether or not having legal status;

"Personal Information" means in respect of a person, information protected under Privacy Laws;

"Plan of Arrangement" means the plan of arrangement of Axia, substantially in the form of Schedule A hereto, and any amendments or variations thereto made in accordance with the Plan of Arrangement or upon the direction of the Court in the Final Order with the consent of Axia and the Purchaser, each acting reasonably;

"Privacy Laws" means all Laws, statutes, codes, ordinances, decrees, consent decrees, rules, regulations, by-laws, statutory rules, letters of finding, policies, judicial or arbitral or administrative or ministerial or departmental or judgments, orders, decisions, rulings or awards,

agency requirements relating to the protection of privacy of any person or the processing of Personal Information, including general principles of common and civil law, policies and guidelines of applicable Governmental Entities, and terms and conditions of any grant of approval, permission, authority or license of any Governmental Entity, statutory body or self-regulatory authority;

"Proposed Agreement" has the meaning ascribed thereto in Section 7.1(e);

"Purchaser" has the meaning ascribed thereto in the preamble hereto;

"real property" means the real or immovable property owned, leased or subleased by the Axia Entities, together with all buildings, structures, facilities and other improvements located thereon;

"Registrar" means the Registrar of Corporations or the Deputy Registrar of Corporations appointed pursuant to Section 263 of the ABCA;

"Related Party Contracts" has the meaning ascribed thereto in Section 3.1(aa);

"Representatives" of a Person means such Person's directors, officers, employees, investment bankers, counsel, accountants, agents, consultants and other authorized representatives and advisors;

"Securities Act" means the *Securities Act* (Alberta) and the rules, regulations and published policies made thereunder, as now in effect and as they may be promulgated or amended from time to time;

"Securities Laws" means the Securities Act, together with all other applicable state, federal and provincial securities Laws, rules and regulations and published policies thereunder, as now in effect and as they may be promulgated or amended from time to time;

"SEDAR" means the System for Electronic Document Analysis and Retrieval;

"Statutory Plans" means statutory benefit plans which Axia or its Subsidiaries are required to participate in or comply with, including as applicable plans administered pursuant to applicable pension, health, tax, workplace safety, insurance and employment insurance legislation;

"Subsidiary" has the meaning ascribed thereto in NI 45-106, provided that with respect to Axia, except as otherwise provided for in this Agreement (including in Section 1.8), the term Subsidiary shall include Covage;

"Superior Proposal" means an unsolicited *bona fide* written Acquisition Proposal made by an arm's length party, or parties, after the date hereof to acquire all of the Axia Shares (other than Axia Shares owned by the Person making the Superior Proposal) or all or substantially all of the consolidated assets of Axia and its Subsidiaries taken as a whole (assuming for these purposes that Covage was proportionately consolidated with Axia and its other Subsidiaries under IFRS): (a) that is reasonably capable of being completed without undue delay, taking into account all legal, financial, regulatory and other aspects of such proposal and the Person making such proposal; (b) that is not subject to a financing condition and in respect of which any required

financing to complete such Acquisition Proposal has been demonstrated to be available to the satisfaction of the Axia Board, acting in good faith; (c) that did not result from a breach of Section 7.1 by Axia, any of its Subsidiaries or its Representatives; (d) that is made available to all Axia Shareholders on the same terms and conditions; (e) that is not subject to any due diligence and/or access condition; (f) that complies with all applicable Securities Laws in all material respects; and (g) in respect of which the Axia Board determines: (i) in good faith (after consultation with Axia's financial advisors and outside legal counsel) that such Acquisition Proposal would, taking into account all of the terms and conditions of such Acquisition Proposal, if consummated in accordance with its terms (but not assuming away any risk of non-completion), result in a transaction more favourable to the Axia Shareholders from a financial point of view than the Arrangement (including any adjustment to the terms and conditions of the Arrangement proposed by the Purchaser pursuant to Section 7.1(f)); and (ii) in good faith (after consultation with Axia's outside legal counsel) that failure to recommend such Acquisition Proposal to the Axia Shareholders, or to accept such Acquisition Proposal, as the case may be, would be inconsistent with the fiduciary duties of the Axia Board under applicable Law;

"Tax Act" means the *Income Tax Act* (Canada) and the regulations made thereunder, as now in effect and as they may be promulgated or amended from time to time;

"Tax Returns" includes all returns, reports, declarations, elections, notices, filings, forms, statements and other documents (whether in tangible, electronic or other form) and including any amendments, schedules, attachments, supplements, appendices and exhibits thereto and any claims for refund, declarations of estimated Tax and information returns, made, prepared, filed or required by a Governmental Entity to be made, prepared or filed by Law in respect of Taxes;

"Taxes" includes any taxes, duties, fees, premiums, assessments, imposts, levies, expansion fees and other charges of any kind whatsoever imposed by any Governmental Entity, including all interest, penalties, fines, additions to tax or other additional amounts imposed by any Governmental Entity in respect thereof, and including, but not limited to, those levied on, or measured by, or referred to as income, gross receipts, earnings, profits, windfall, environmental, royalty, capital, capital stock, transfer, land transfer, disability, ad valorem, sales, net worth, goods and services, harmonized sales, use, value-added, excise, stamp, recording, withholding, business, franchising, property, premium, development, occupation, occupancy, employer health, alternative or add-on minimum, payroll, employment, health, social services, education and social security taxes, all surtaxes, all customs duties and import and export taxes, countervail and anti-dumping, all license, franchise and registration fees and all employment insurance, unemployment insurance, health insurance and Canada and other pension plan premiums or contributions imposed by any Governmental Entity, any transferee or predecessor liability in respect of any of the foregoing, and any liability for any such amounts imposed with respect to any other Person, including under any agreements or arrangements;

"Termination Payment" means \$15,000,000;

"Termination Payment Event" has the meaning ascribed thereto in Section 8.3(b);

"Transaction Personal Information" has the meaning ascribed thereto in Section 9.1;

"TSX" means the Toronto Stock Exchange; and

"Voting Agreements" means the voting agreements between the Purchaser and each of the Locked-up Shareholders setting forth the terms and conditions upon which the Locked-up Shareholders have agreed, among other things, to vote their Axia Shares in favour of the Arrangement Resolution.

1.2 Interpretation Not Affected

The division of this Agreement into Articles, Sections, subsections and paragraphs and the insertion of headings are for convenience of reference only and shall not affect in any way the meaning or interpretation of this Agreement. Unless the contrary intention appears, references in this Agreement to an Article, Section, subsection, paragraph or Schedule by number or letter or both refer to the Article, Section, subsection, paragraph or Schedule, respectively, bearing that designation in this Agreement.

The Parties hereto acknowledge that their respective legal counsel have reviewed and participated in settling the terms of this Agreement, and the Parties hereto hereby agree that any rule of construction to the effect that any ambiguity is to be resolved against the drafting Party will not be applicable to the interpretation of this Agreement.

1.3 Number and Gender

In this Agreement, unless the contrary intention appears, words importing the singular include the plural and vice versa, and words importing gender include all genders.

1.4 Date for Any Action

If the date on which any action is required to be taken hereunder by a Party is not a Business Day, such action shall be required to be taken on the next succeeding day which is a Business Day.

1.5 Currency

Unless otherwise stated, all references in this Agreement to sums of money are expressed in lawful money of Canada and "\$" refers to Canadian dollars.

1.6 Accounting Matters

Unless otherwise stated, all accounting terms used in this Agreement shall have the meanings attributable thereto under IFRS and all determinations of an accounting nature required to be made shall be made in a manner consistent with IFRS consistently applied.

1.7 Knowledge

In this Agreement, whenever a representation or warranty is made on the basis of the knowledge or awareness of Axia or the Purchaser, such knowledge or awareness consists of the actual knowledge or awareness, as of the date of this Agreement, of (i) in the case of Axia, Arthur Price, Chairman and Chief Executive Officer, Alan Hartslief, Chief Financial Officer, and Dean Tremaine, Vice-President, Networks, and (ii) in the case of the Purchaser, Esther Peiner, Director, in each case, after making reasonable enquiries regarding the relevant matter.

1.8 Covage

Notwithstanding any other provision hereof, covenants given by Axia shall not extend to Covage; provided however, that if an issue relating to Covage arises, which issue would be the subject matter of any of the covenants of Axia contained in this Agreement but for the fact that the covenants do not extend to Covage, subject to any pre-existing agreement, Axia shall use commercially reasonable efforts to comply with such covenant and shall vote its voting interests in Covage in respect of such issue consistent with complying with the relevant covenant as though such covenant did extend to Covage. Axia shall also exercise any other proper influence in Covage in a manner consistent with complying with the relevant covenant as though such covenant did extend to Covage, subject to any applicable Laws, applicable fiduciary duties or contractual obligations (other than under this Agreement).

1.9 Schedules

The following Schedules are annexed to this Agreement and are incorporated by reference into this Agreement and form a part hereof:

Schedule A – Plan of Arrangement

Schedule B – Arrangement Resolution

ARTICLE 2 THE ARRANGEMENT

2.1 Arrangement

The Parties agree that the Arrangement will be implemented in accordance with and subject to the terms and conditions contained in this Agreement and the Plan of Arrangement.

2.2 Interim Order

As promptly as reasonably practicable following the execution of this Agreement, Axia shall apply to the Court in a manner acceptable to the Purchaser, acting reasonably, and prepare, file, proceed with and diligently pursue an application for the Interim Order, which shall provide, among other things:

- (a) for the class of Persons to whom notice is to be provided in respect of the Arrangement and the Axia Shareholder Meeting and for the manner in which such notice is to be provided;
- (b) that the requisite approval for the Arrangement Resolution shall be (i) two-thirds of the votes cast on the Arrangement Resolution by the Axia Shareholders present in person or represented by proxy at the Axia Shareholder Meeting, and (ii) if required under MI 61-101, a majority of the votes cast on the Arrangement Resolution by the Axia Shareholders (other than Interested Shareholders for the purpose of such vote), present in person or represented by proxy at the Axia Shareholder Meeting (collectively, the "**Axia Shareholder Approval**");

- (c) that, in all other respects, the terms, conditions and restrictions of the Axia constating documents, including quorum requirements and other matters, shall apply in respect of the Axia Shareholder Meeting;
- (d) for the grant of Dissent Rights to the Axia Shareholders who are registered Axia Shareholders;
- (e) for the notice requirements with respect to the presentation of the application to the Court for the Final Order;
- (f) that the Axia Shareholder Meeting may be adjourned or postponed from time to time by the Axia Board subject to the terms of this Agreement without the need for additional approval of the Court;
- (g) that the record date for Axia Shareholders entitled to notice of and to vote at the Axia Shareholder Meeting will not change as a result of any adjournment(s) or postponements of the Axia Shareholder Meeting; and
- (h) for such other matters as the Purchaser may reasonably require and that is not otherwise inconsistent with this Agreement and the Arrangement, subject to obtaining the prior consent of Axia, such consent not to be unreasonably withheld, conditioned or delayed.

2.3 Axia Shareholder Meeting

- (a) Axia agrees to convene and conduct the Axia Shareholder Meeting in accordance with the Interim Order, Axia's articles of incorporation, by-laws and applicable Laws as promptly as reasonably practicable. Axia agrees that it shall, in consultation with the Purchaser, fix and publish a record date for the purposes of determining the Axia Shareholders entitled to receive notice of and to vote at the Axia Shareholder Meeting in accordance with the Interim Order.
- (b) Axia shall not adjourn, postpone or cancel (or propose or permit the adjournment, postponement or cancellation of) the Axia Shareholder Meeting except (i) if required by applicable Laws or a ruling, order or decree of a Governmental Entity, (ii) if quorum is not present at the Axia Shareholder Meeting (in which case the Axia Shareholder Meeting shall be adjourned and not cancelled), or (iii) with the Purchaser's prior written consent for the purpose of attempting to obtain the requisite approval of the Arrangement Resolution, which written consent shall not be unreasonably withheld, conditioned or delayed; provided that if the Axia Shareholder Meeting is to be held during a Matching Period, at the request of the Purchaser, Axia shall adjourn or postpone the Axia Shareholder Meeting to a date specified by the Purchaser that is not later than 10 Business Days after the date on which the Axia Shareholder Meeting was originally scheduled and in any event to a date that is not later than five Business Days prior to the Outside Date.
- (c) Axia shall (i) solicit proxies in favour of the approval of the Arrangement Resolution and against any resolution submitted by any Person that is inconsistent

with the Arrangement Resolution and the completion of any of the transactions contemplated by this Agreement, including, if so requested by the Purchaser, acting reasonably, using dealer and proxy solicitation services and cooperating with any persons engaged by the Purchaser to solicit proxies in favour of the approval of the Arrangement Resolution, and (ii) permit the Purchaser to, at the Purchaser's expense and upon written consent of Axia, which written consent shall not be unreasonably withheld, conditioned or delayed, on behalf of the management of Axia, directly or through a proxy solicitation services firm, actively solicit proxies in favour of the approval of the Arrangement Resolution, and against any resolution submitted by any Person that is inconsistent with the Arrangement Resolution and the completion of any of the transactions contemplated by this Agreement, on behalf of management of Axia in compliance with Laws and disclose in the Axia Circular that the Purchaser may make such solicitations, all subject to and in accordance with Section 5.2(a);

- (d) Axia will advise the Purchaser as the Purchaser may reasonably request, as to the aggregate tally of the proxies received by Axia in respect of the Arrangement Resolution. Axia shall instruct Axia's transfer agent to report to the Purchaser and its designated Representatives on a daily basis on each of the last ten (10) Business Days prior to the Axia Shareholder Meeting as to the aggregate tally of the proxies received by Axia in respect of the Arrangement Resolution and any further information respecting such proxies as the Purchaser may reasonably request;
- (e) Axia shall provide the Purchaser with copies of or access to information regarding the Axia Shareholder Meeting generated by Axia or its agents, as reasonably requested from time to time by the Purchaser;
- (f) Axia shall give notice to the Purchaser of the Axia Shareholder Meeting and allow the Purchaser's Representatives to attend the Axia Shareholder Meeting; and
- (g) Axia shall not, without the Purchaser's consent, change the record date for the Axia Shareholders entitled to vote at the Axia Shareholder Meeting in connection with any adjournment or postponement of the Axia Shareholder Meeting unless required by Law; and Axia shall promptly advise the Purchaser of any communication (written or oral) from or claims brought by (or threatened to be brought by) any Person in opposition to the Arrangement and/or exercise or purported exercise or withdrawal of Dissent Rights by Axia Shareholders and, subject to Law, will provide the Purchaser with an opportunity to review and comment upon any written communications sent by or on behalf of Axia to any such Person and to participate in any discussions, negotiations or proceedings with or including any such Person. Axia shall not settle or compromise or agree to settle or compromise any such claims without the prior written consent of the Purchaser.
- (h) Axia will advise the Purchaser of any written notice of dissent or purported exercise by any Axia Shareholder of Dissent Rights received by Axia in relation

to the Arrangement and any withdrawal of Dissent Rights received by Axia and, subject to applicable Law, any written communications sent by or on behalf of Axia to any Axia Shareholder exercising or purporting to exercise Dissent Rights in relation to the Arrangement.

2.4 Axia Circular

- (a) As promptly as reasonably practicable following execution of this Agreement, provided that the Purchaser has furnished the information required under Section 2.4(b), for greater certainty, which information shall be limited to that information provided by the Purchaser and its Affiliates, as the case may be, by written document and explicitly identified for its inclusion in the Axia Circular, Axia shall (i) prepare the Axia Circular together with any other documents required by applicable Laws, (ii) file the Axia Circular and all other necessary proxy materials required for the Axia Shareholder Meeting in all jurisdictions where the same is required to be filed, and (iii) mail the Axia Circular and all other necessary proxy materials required for the Axia Shareholder Meeting as required under applicable Laws and by the Interim Order, and (iv) to the extent required by applicable Law, as promptly as reasonably practicable prepare, file and distribute to the Axia Shareholders any supplement or amendment to the Axia Circular if any event shall occur which requires such action at any time prior to the Axia Shareholder Meeting. On the date of mailing thereof, the Axia Circular shall comply in all material respects with all applicable Laws and the Interim Order and, without limiting the generality of the foregoing, the Axia Circular will not contain any misrepresentation (except that Axia shall not be responsible for any information relating to the Purchaser and its Affiliates), and shall contain sufficient detail to permit the Axia Shareholders to form a reasoned judgement concerning the matters to be placed before them at the Axia Shareholder Meeting. Without limiting the generality of the foregoing, the Axia Circular shall include: (i) a copy of the opinion referred to in Section 3.1(g); (ii) a statement that the Axia Board has unanimously (subject to the abstention of Arthur R. Price) determined that the Arrangement is in the best interests of Axia and recommends that Axia Shareholders vote in favour of the Arrangement Resolution; and (iii) a statement that each director of Axia intends, and each Locked-Up Shareholder has agreed, to vote all of such Person's Axia Shares (including any Axia Shares acquired upon the exercise of any Axia Options or the vesting of any Axia RSUs) in favour of the Arrangement Resolution, subject to the other terms of this Agreement and the Voting Agreements and subject to any voting restrictions imposed by applicable Laws.
- (b) The Purchaser shall furnish to Axia, on a timely basis, all such information (subject to Section 2.4(a)) concerning itself or its Affiliates as may be reasonably required by Axia in the preparation of the Axia Circular and other documents related thereto, and the Purchaser shall ensure that no such information that it provides will contain any misrepresentation. The Purchaser shall indemnify and save harmless Axia and its Subsidiaries and their respective Representatives from and against any and all liabilities, claims, demands, losses, costs, damages and expenses to which Axia, any Subsidiary of Axia or any of their respective

Representatives may be subject or may suffer, in any way caused by, or arising directly or indirectly, from or in consequence of: (i) any misrepresentation in any information included in the Axia Circular that is provided by such Party or its Representatives for the purpose of inclusion in the Axia Circular or otherwise approved by such Party; and (ii) any Authorization made, or any inquiry, investigation or proceeding by any Governmental Entity, to the extent based on any misrepresentation in any information related to such Party and provided by such Party or its Representatives for the purpose of inclusion in the Axia Circular or otherwise approved by such Party.

- (c) The Purchaser and its legal counsel shall be given a reasonable opportunity to review and comment on the Axia Circular and other documents related thereto prior to the Axia Circular being printed and filed with any Governmental Entity, and reasonable consideration shall be given to any comments made by such Parties, provided that all information relating solely to the Purchaser included in the Axia Circular shall be in form and content satisfactory to the Purchaser, acting reasonably.
- (d) Each Party shall promptly notify the other Parties if at any time before the Effective Date it becomes aware that the Axia Circular contains a misrepresentation, or that otherwise requires an amendment or supplement to the Axia Circular, and the Parties shall co-operate in the preparation of any amendment or supplement to the Axia Circular as required or appropriate, and Axia shall promptly mail or otherwise publicly disseminate any amendment or supplement to the Axia Circular to Axia Shareholders and, if required by the Court or applicable Laws, file the same with any Governmental Entity and as otherwise required.

2.5 Preparation of Filings

The Parties shall co-operate and use reasonable commercial efforts in good faith to take, or cause to be taken, all reasonable actions, including the preparation of any applications for any orders, registrations, consents, filings, rulings, exemptions, no-action letters, circulars or approvals required in connection with this Agreement and the Arrangement and the preparation of any required documents, in each case as reasonably necessary to discharge their respective obligations under this Agreement, the Arrangement and the Plan of Arrangement, and to complete any of the transactions contemplated by this Agreement, including their obligations under applicable Laws.

2.6 Final Order

If (a) the Interim Order is obtained; and (b) the Arrangement Resolution is passed at the Axia Shareholder Meeting by the Axia Shareholders as provided for in the Interim Order and as required by applicable Law, subject to the terms of this Agreement, Axia shall diligently pursue and take all steps necessary or desirable to have the hearing before the Court of the application for the Final Order pursuant to the ABCA held as promptly as reasonably practicable following the approval of the Arrangement Resolution at the Axia Shareholder Meeting, and as promptly as reasonably practicable thereafter, make any additional filings required under the ABCA. Axia agrees that it will oppose any proposal from any other person that the Final Order contains any

provision inconsistent with this Agreement and, if at any time after the issuance of the Final Order and prior to the Effective Date, Axia is required by the terms of the Final Order or by Law to return to Court with respect to the Final Order, it shall do so after notice to, and in consultation and cooperation with the Purchaser.

2.7 Court Proceedings

Subject to the terms of this Agreement, Axia shall diligently pursue, and cooperate with the Purchaser in diligently pursuing, and the Purchaser shall cooperate with and assist Axia in seeking the Interim Order and the Final Order, including in the case of the Purchaser by providing Axia on a timely basis any information reasonably required to be supplied by the Purchaser in connection therewith. Axia will provide legal counsel to the Purchaser with reasonable opportunity to review and comment upon drafts of all material to be filed with the Court in connection with the Arrangement, and will give reasonable consideration to all such comments. Subject to applicable Law, Axia will not file any material with the Court in connection with the Arrangement or serve any such material, and will not agree to modify or amend materials so filed or served, except as contemplated by this Section 2.7 or with the Purchaser's prior written consent, such consent not to be unreasonably withheld, conditioned or delayed; provided that nothing herein shall require the Purchaser to agree or consent to any increase of the Consideration or other consideration or other modification or amendment to such filed or served materials that expands or increases the Purchaser's obligations, or diminishes or limits the Purchaser's rights, set forth in any such filed or served materials or under this Agreement. Axia shall also provide to the Purchaser's legal counsel on a timely basis copies of any notice of appearance or other Court documents served on Axia in respect of the application for the Interim Order or the Final Order or any appeal therefrom and of any notice, whether written or oral, received by Axia indicating any intention to oppose the granting of the Interim Order or the Final Order or to appeal the Interim Order or the Final Order and any evidence served on Axia or its legal counsel in respect of the application for the Interim Order or the Final Order or any appeal therefrom. Axia will ensure that all materials filed with the Court in connection with the Arrangement are consistent with the terms of this Agreement and the Plan of Arrangement. In addition, Axia will not object to the legal counsel of the Purchaser making reasonable submissions on the hearing of the motion for the Interim Order and the application for the Final Order as such counsel considers appropriate, provided that Axia is advised of the nature of any submissions prior to the hearing and such submissions are consistent with this Agreement and the Plan of Arrangement.

2.8 Axia Options, Axia DSUs, Axia RSUs and Axia Share Purchase Plan

Subject to the terms and conditions of this Agreement:

- (a) Pursuant to the Plan of Arrangement, at the time specified therein: (i) all Axia Shares held in trust by the trustee appointed under the Axia LTI Plan shall be acquired by the Purchaser; (ii) all outstanding unvested Axia RSUs shall vest; (iii) all Axia RSUs will be settled among the trustee and the holders of such RSUs by way of the trustee distributing to each holder of an Axia RSU, in respect of each Axia RSU held by such holder, pro rata proceeds of disposition from the sale of the Axia Shares, less any amounts required by Law to be withheld; and (iv) the trust agreement governing the Axia LTI Plan shall be amended to provide for the

foregoing to the extent necessary; and Axia shall take all such reasonable steps as may be necessary or desirable to give effect to the foregoing.

- (b) Pursuant to the Plan of Arrangement, at the time specified therein, all outstanding Axia DSUs will be cancelled by Axia in exchange for a cash payment by Axia to each holder of an Axia DSU, in respect of each Axia DSU held by such holder, of an amount equal to the Consideration per Axia Share, less any amounts required by Law to be withheld, and Axia shall take all such reasonable steps as may be necessary or desirable to give effect to the foregoing.
- (c) Pursuant to the Plan of Arrangement, at the time specified therein, all of the outstanding Axia Options (if any) will be cancelled by Axia in exchange for a cash payment by Axia to each holder of an Axia Option, in respect of each Axia Option held by such holder, of the amount, if any, equal to the Consideration per Axia Share less the applicable exercise price and less any amounts required by Law to be withheld, and Axia shall take all such reasonable steps as may be necessary or desirable to give effect to the foregoing.
- (d) The Parties acknowledge that no deduction will be claimed by Axia in computing its taxable income in respect of any payment made to a holder of Axia Options in respect of the settlement of Axia Options pursuant to the Plan of Arrangement, and Axia shall: (i) make an election pursuant to subsection 110(1.1) of the Tax Act in respect of the cash payments made in exchange for the surrender of the Axia Options; and (ii) provide evidence in writing of such election to holders of Axia Options, such evidence to be provided by making the appropriate notation on the T4 slips issued to such holders, or in such other manner as may be prescribed under the Tax Act, it being understood that holders of Axia Options shall be entitled to claim any deductions available to such persons pursuant to the Tax Act in respect of the calculation of any income arising from the surrender of the Axia Options.
- (e) Pursuant to the Plan of Arrangement, at the time specified therein, all unvested Axia Shares and/or cash contributions held for the benefit of participants in the Axia Share Purchase Plan shall vest to such participants and the Axia Share Purchase Plan will be terminated, and Axia shall take all such reasonable steps as may be necessary or desirable to give effect to the foregoing.

2.9 Articles of Arrangement and Effective Date

The Articles of Arrangement shall include the form of Plan of Arrangement attached to this Agreement as Schedule A, and any amendments or variations thereto made in accordance with the Plan of Arrangement or made at the discretion of the Court in the Final Order with the consent of Axia and the Purchaser, each acting reasonably, and unless otherwise agreed to in writing by Axia and the Purchaser, will be filed by Axia not later than the fifth Business Day following the satisfaction or, where not prohibited by applicable Law, the waiver of the conditions set forth in Article 6 by the applicable Party for whose benefit such conditions exist (excluding those conditions (i) that by their terms, cannot be satisfied until the Effective Date, but subject to the satisfaction or, where not prohibited by applicable Law, the waiver of those conditions as of the Effective Time by the applicable Party for whose benefit such conditions

exist, and (ii) set forth in Section 6.3(c)), or such earlier date as may be agreed to by the Parties; provided that Axia shall not be required to file the Articles of Arrangement unless Axia has received written confirmation, in form satisfactory to it, from the Depositary that it has received the funds referred to in Section 2.10.

From and after the Effective Time, the Plan of Arrangement will have all of the effects provided by applicable Law, including the ABCA. Axia agrees to amend the Plan of Arrangement at any time prior to the Effective Time in accordance with Section 8.4 of this Agreement to include such other terms as agreed to by the Parties, provided that the Plan of Arrangement shall not be amended in any manner which (i) has the effect of reducing the Consideration, (ii) is otherwise prejudicial to the Axia Shareholders or other Parties to be bound by the Plan of Arrangement, or (iii) is inconsistent with the provisions of this Agreement. The closing of the Arrangement will take place at the offices of Burnet, Duckworth & Palmer LLP, 525 - 8th Avenue SW, Suite 2400, Calgary, Alberta at 8:00 a.m. on the Effective Date, or at such other time and place as may be agreed to by the Parties.

2.10 Payment of Consideration

Provided that all conditions precedent in Article 6 have been satisfied or waived (other than those conditions that, by their nature, are capable of satisfaction only at the Effective Time and the condition set forth in Section 6.3(c)), and prior to the filing by Axia of the Articles of Arrangement in accordance with Section 2.9, the Purchaser shall provide the Depositary with sufficient funds in escrow (the terms and conditions of such escrow to be satisfactory to Axia and the Purchaser, each acting reasonably):

- (a) to pay the aggregate amount of Consideration payable for all issued and outstanding Axia Shares pursuant to the Arrangement in accordance with the Plan of Arrangement; and
- (b) on behalf of Axia, to pay the aggregate amount required to be paid in respect of the Axia Options and Axia DSUs to be cancelled pursuant to the Arrangement in accordance with Section 2.8.

2.11 Announcement and Shareholder Communications

Axia and the Purchaser shall each publicly announce the transactions contemplated hereby promptly following the execution of this Agreement by the Parties, the text and timing of each Party's announcement to be approved by the other Parties in advance, acting reasonably. The Parties agree to co-operate in the preparation of presentations, if any, to the Axia Shareholders regarding the transactions contemplated by this Agreement, and no Party shall (a) issue any press release or otherwise make public announcements with respect to this Agreement or the Plan of Arrangement without the consent of the other Parties (which consent shall not be unreasonably withheld or delayed), or (b) make any filing with any Governmental Entity with respect thereto without prior consultation with the other Parties; provided, however, that the foregoing shall be subject to each Party's overriding obligation to make any disclosure or filing required under applicable Laws and the Party making such disclosure shall use all commercially reasonable efforts to give prior oral or written notice to the other Parties and reasonable opportunity to review or comment on the disclosure or filing, and if such prior notice is not possible, to give such notice immediately following the making of such disclosure or filing, and provided further

that, subject to Axia's compliance in all respects with its obligations set forth herein in relation to an Acquisition Proposal, an Axia Change in Recommendation, a Termination Payment Event and the circumstances described in Section 8.3(d) in relation to an Expense Reimbursement Payment (including the obligations set forth in Article 7 and Article 8 hereof), Axia shall have no obligation to cooperate or consult with the Purchaser prior to any disclosure by Axia with regard to an Acquisition Proposal or with regard to an Axia Change in Recommendation.

2.12 List of Shareholders

Within three Business Days from the date of execution of this Agreement and thereafter at the reasonable request of the Purchaser from time to time, and in compliance with applicable Laws, Axia shall or direct its registrar and transfer agent to, provide the Purchaser with a list (in both written and electronic form) of the registered Axia Shareholders, together with their addresses and respective holdings of Axia Shares, with a list of the names and addresses and holdings of all Persons having rights issued by Axia to acquire Axia Shares (as have been provided to Axia) and a list of non-objecting beneficial owners of Axia Shares, together with their addresses (as have been provided to Axia) and respective holdings of Axia Shares. Axia shall from time to time require that its registrar and transfer agent furnish the Purchaser with such additional information, including updated or additional lists of the Axia Shareholders and lists of holdings and other assistance as the Purchaser may reasonably request.

2.13 Assurance of Performance by Purchaser

The Purchaser will arrange suitable evidence and assurances for the due and punctual performance of each and every obligation of the Purchaser arising under this Agreement and the Plan of Arrangement, including with respect to the payment of the Consideration (and other amounts contemplated by Section 2.10) in accordance with the terms of this Agreement and the Arrangement.

ARTICLE 3 REPRESENTATIONS AND WARRANTIES OF AXIA

3.1 Representations and Warranties

Except as disclosed in the Axia Disclosure Letter (which shall make reference to the applicable section, subsection, paragraph or subparagraph below in respect of which such qualification is being made), Axia hereby represents and warrants to the Purchaser as follows, and acknowledges that each such Party is relying upon such representations and warranties in connection with the entering into of this Agreement:

- (a) Board Approval. As of the date hereof, the Axia Board (subject to abstention of Arthur R. Price), after having received a recommendation from the Axia Special Committee, has determined unanimously that the Arrangement is fair to the Axia Shareholders and is in the best interests of Axia and has resolved unanimously to recommend to the Axia Shareholders that they vote their Axia Shares in favour of the Arrangement Resolution. The Axia Board (subject to abstention of Arthur R. Price) has unanimously approved the Arrangement and the execution and performance of this Agreement.

- (b) Organization and Qualification. Axia is duly incorporated and validly existing under the ABCA and has full corporate power and authority to own its assets and conduct its business as now owned and conducted. Axia is duly qualified to carry on business and is in good standing in each jurisdiction in which the character of its properties or the nature of its activities makes such qualification necessary, except where the failure to be so qualified will not, individually or in the aggregate, have a Material Adverse Effect. None of the Axia Entities has received any notice from any Governmental Entity of any restriction on its ability to conduct its business as is currently conducted, or to own, lease, operate, license or otherwise hold its assets. True, complete and up-to-date copies of the constating documents of Axia and its Subsidiaries have been made available to the Purchaser, together with all amendments to date.
- (c) Authority Relative to this Agreement. Axia has the requisite corporate power and authority to enter into this Agreement and to perform its obligations hereunder. The execution and delivery of this Agreement by Axia and the consummation by Axia of the transactions contemplated by this Agreement have been duly authorized by the Axia Board and no other corporate proceedings on the part of Axia are necessary to authorize this Agreement other than Axia Shareholder Approval. This Agreement has been duly executed and delivered by Axia and constitutes a valid and binding obligation of Axia, enforceable against Axia in accordance with its terms, except as the enforcement thereof may be limited by bankruptcy, insolvency and other applicable Laws affecting the enforcement of creditors' rights generally and subject to the qualification that equitable remedies may be granted only in the discretion of a court of competent jurisdiction.
- (d) Auditors. Axia's auditors are independent public accountants as required by applicable Laws and there is not now, and there has never been, any reportable event (as defined in National Instrument 51-102 – *Continuous Disclosure Obligations*).
- (e) Brokers. Except for the fees to be paid to Oppenheimer pursuant to an engagement letter with Axia, a true and complete copy of which is disclosed in Schedule 3.1(e) of the Axia Disclosure Letter, none of the Axia Entities, or any of their respective officers, directors or employees has employed any broker or finder or incurred any liability for any brokerage fees, commissions or finder's fees in connection with the transactions contemplated by this Agreement.
- (f) Reporting Issuer Status. As of the date hereof, Axia is a reporting issuer not in default (or the equivalent thereof) under the Securities Laws of each of the Provinces of Canada. Axia is in compliance, in all material respects, with all applicable Securities Laws and there are no current, pending or threatened proceedings before any Governmental Entity relating to any alleged non-compliance with any Securities Laws. No de-listing, suspension of trading in or cease trading order with respect to any securities of Axia and, to the knowledge of Axia, no inquiry (formal or informal) of any Securities Authority, is in effect or ongoing or, to the knowledge of Axia, expected to be implemented or undertaken

and which, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect.

- (g) Opinion of Financial Advisor. The Axia Board and the Axia Special Committee have received the opinion of Oppenheimer to the effect that, as of the date of such opinion and based on and subject to the various assumptions, limitations, qualifications and matters set forth therein, the Consideration to be received by the holders of Axia Shares pursuant to this Agreement is fair, from a financial point of view, to such holders.
- (h) Corrupt Practices Legislation. None of the Axia Entities, nor, to Axia's knowledge, any of their respective Representatives or other Persons acting on behalf of the Axia Entities has taken, committed to take or been alleged to have taken any action which would cause any of the Axia Entities to be in violation of the United States' *Foreign Corrupt Practices Act* (and the regulations promulgated thereunder), the *Corruption of Foreign Public Officials Act* (Canada) (and the regulations promulgated thereunder) or any applicable Law of similar effect.
- (i) Shareholder Rights Plan. Axia does not have a shareholder rights plan. Prior to the Effective Time, Axia will not implement any shareholder rights plan that will trigger any rights to acquire securities of Axia or apply to the Arrangement.
- (j) Confidentiality and Other Agreements. Axia has not waived any confidentiality, standstill or similar agreement or restriction to which Axia or any of its Subsidiaries (including for greater certainty Covage) is a party other than any such agreements or restrictions between Axia and the Purchaser.
- (k) No Conflict; Required Filings and Consents. Except as disclosed in Schedule 3.1(k) of the Axia Disclosure Letter, the execution and delivery by Axia of this Agreement and the performance by it of its obligations hereunder and the completion of the Arrangement will not violate, conflict with or result in a breach of any provision of the constating documents of any of the Axia Entities, and except as would not, individually or in the aggregate, have or reasonably be expected to have a Material Adverse Effect, will not: (i) violate, conflict with or result in a breach of: (A) any Axia Material Contract or Authorization to which any Axia Entity is a party or by which it is bound; or (B) any Law to which any Axia Entity is subject or bound; or (ii) result in the imposition of any Lien upon any of the assets of any Axia Entity. Other than the Interim Order, the Final Order and the Key Regulatory Approvals, no Authorization, consent or approval of, or filing with, any Governmental Entity or any court or other authority is necessary on the part of any Axia Entity for the consummation by it of its obligations in connection with the Arrangement.
- (l) Subsidiaries. The Axia Entities do not have Subsidiaries or hold, directly or indirectly, any material interests in any Person, other than those listed on Schedule 3.1(l) to the Axia Disclosure Letter. Each Axia Entity is duly organized and is validly existing under the Laws of its jurisdiction of incorporation, organization or formation, has full corporate or partnership power and authority,

as the case may be, to own its assets and conduct its business as now owned and conducted by it and is duly qualified to carry on business in each jurisdiction in which the character of its properties or the nature of its activities makes such qualification necessary, except where the failure to be so qualified would not have a Material Adverse Effect. Except as disclosed in Schedule 3.1(l) of the Axia Disclosure Letter, to the knowledge of Axia, there are no outstanding options, rights, entitlements or understandings (contingent or otherwise) to acquire any issued or unissued securities of any Axia Entity (provided that **[exception containing commercially sensitive information intentionally redacted]**). Except as disclosed in Schedule 3.1(l) of the Axia Disclosure Letter, all of the outstanding shares or other equity securities in the capital of each of the Axia Entities (other than **[exception containing commercially sensitive information intentionally redacted]**) are: (a) validly issued, fully-paid and non-assessable (and no such shares or other equity interests have been issued in violation of any pre-emptive or similar rights) and all such shares or other equity interests (other than the Axia Shares) are owned free and clear of all Liens; and (b) free of any other restrictions created by or through the Axia Entities, including any restriction on the right to vote, sell or otherwise dispose of such shares or other equity interests (other than the Voting Agreements executed and delivered contemporaneously with this Agreement).

(m) Compliance with Laws.

- (i) Except as disclosed in Schedule 3.1(m)(i) of the Axia Disclosure Letter, the operations of the Axia Entities are now conducted in compliance in all material respects with all applicable Laws, and none of the Axia Entities has received any notice of any alleged violation of any such Laws and, to the knowledge of Axia, no such notice is proposed or threatened, other than in each case non-compliance or violations which, individually or in the aggregate, would not have a Material Adverse Effect.
- (ii) Except as disclosed in Schedule 3.1(m)(ii) of the Axia Disclosure Letter, none of the Axia Entities is in conflict with, or in default (including cross defaults) under or in violation of: (A) its articles or by-laws or equivalent organizational documents; or (B) any Law to which it or by which any of its properties or assets is bound or affected, except for failures which, individually or in the aggregate, would not have a Material Adverse Effect.

(n) Authorizations. All Authorizations necessary for the ownership, operation, development, maintenance, or use of the material assets of the Axia Entities have been obtained and such Authorizations are, to Axia's knowledge, in full force and effect. Except as disclosed in Schedule 3.1(n) of the Axia Disclosure Letter, all such Authorizations have been fully complied with, except, in each case, for such non-compliance which, individually or in the aggregate, would not have a Material Adverse Effect. There is no action, investigation or proceeding pending or, to the knowledge of Axia, threatened regarding any of the Authorizations. Except as disclosed in Schedule 3.1(n) of the Axia Disclosure Letter, none of the

Axia Entities has received any notice, whether written or oral, of revocation or non-renewal of any such Authorizations, or of any intention of any Person to revoke or refuse to renew any of such Authorizations, except in each case, for revocations or non-renewals which, individually or in the aggregate, would not have a Material Adverse Effect.

(o) Capitalization and Listing.

- (i) The authorized, issued and outstanding capital and, except in the case of Axia, the record and beneficial ownership of such outstanding capital of each of the Axia Entities is set forth on Schedule 3.1(o)(i) of the Axia Disclosure Letter. Except pursuant to the Axia Option Plan, the Axia LTI Plan (including pursuant to Axia DSUs and Axia RSUs) and the Axia Share Purchase Plan: (A) there are no options, warrants, conversion privileges, calls or other rights, shareholder rights plans, agreements, arrangements, commitments, or obligations of any of the Axia Entities to issue or sell any shares or securities or obligations of any kind convertible into, exchangeable for or otherwise carrying the right or obligation to acquire any shares of any of the Axia Entities, and there are no outstanding stock appreciation rights, phantom equity or similar rights, agreements, arrangements or commitments of any Axia Entities based upon the book value, income or any other attribute of Axia or any of its Subsidiaries; and (B) no Person is entitled to any pre-emptive or other similar right granted by any of the Axia Entities. The Axia Shares are listed on the TSX and are not listed or quoted on any market other than the TSX.
- (ii) Schedule 3.1(o)(ii) to the Axia Disclosure Letter sets forth, as of the date hereof, the holders of all outstanding Axia Options, Axia DSUs and Axia RSUs and the number held, exercise or settlement prices and expiration dates of each grant to such holders. All Axia Shares that may be issued pursuant to the exercise of outstanding Axia Options will, if issued in accordance with the terms of the Axia Option Plan, be duly authorized, validly issued, fully-paid and non-assessable and are not and will not be subject to, or issued in violation of, any pre-emptive rights.
- (iii) No order ceasing or suspending trading in securities of Axia or prohibiting the sale of such securities has been issued and is outstanding against Axia or its directors or officers.

(p) Shareholder and Similar Agreements. Except as disclosed in Schedule 3.1(p) of the Axia Disclosure Letter, the Axia Entities are not party to any shareholder, pooling, voting trust or other similar agreement relating to the issued and outstanding shares or other equity or voting securities in the capital of the Axia Entities.

(q) Reports. Axia has filed with all applicable securities regulatory authorities true and complete copies of the Axia Public Documents that Axia is required to file therewith by applicable Securities Laws. Such Axia Public Documents at the time

filed: (A) did not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, and (B) complied in all material respects with the requirements of applicable Securities Laws. Except for the transactions contemplated by this Agreement, there has been no change in a material fact or a material change in any of the information contained in the Axia Public Documents (as such terms are defined under Securities Laws), except for changes in material facts or material changes that are reflected in a subsequently filed document included in the Axia Public Documents.

(r) Financial Statements.

- (i) The audited consolidated financial statements of Axia as at and for the fiscal years ended December 31, 2015 and 2014, together with the notes thereto and the auditors' report thereon (collectively, the "**Axia Financial Statements**"), have been, and all financial statements of Axia which are publicly disseminated by Axia in respect of any subsequent periods prior to the Effective Date will be, prepared in accordance with IFRS (except in the case of unaudited interim financial statements, to the extent they may not include footnotes or may be condensed or summary statements) applied on a basis consistent with prior periods and all applicable Laws and present fairly, in all material respects, the assets, liabilities (whether accrued, absolute, contingent or otherwise), consolidated financial position and results of operations of Axia and its Subsidiaries, as applicable, as of the respective dates thereof and its results of operations and cash flows for the respective periods covered thereby (except as may be indicated expressly in the notes thereto and subject to the caveat that Covage is accounted for in the Axia Financial Statements using the equity method of accounting). There have been no material changes to Axia's accounting policies since December 31, 2015.
- (ii) **[representation containing commercially sensitive information intentionally redacted]**
- (iii) Axia: (A) has designed disclosure controls and procedures to provide reasonable assurance that material information relating to Axia and its Subsidiaries is made known to the Chief Executive Officer and the Chief Financial Officer of Axia by others, particularly during the periods in which filings are being prepared; (B) has designed internal controls to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS; and (C) if applicable, has disclosed in its management's discussion and analysis for its most recently completed financial year, for each material weakness relating to design existing at the financial year end to the knowledge of Axia (1) a description of the material weakness, (2) the impact of the material weakness on Axia's financial reporting and internal controls over financial reporting, and

(3) Axia's further plans, if any, or any actions already undertaken, for remediating the material weakness.

(s) Undisclosed Liabilities and Cash Balance of Available Funds. Except as disclosed in Schedule 3.1(s) of the Axia Disclosure Letter, none of the Axia Entities has any liabilities or obligations of any nature, whether or not accrued, contingent or otherwise, except for: (i) liabilities and obligations that are reflected in the Axia Financial Statements [**representation containing commercially sensitive information intentionally redacted**]; or (ii) liabilities and obligations incurred in the ordinary course of business consistent with past practice since September 30, 2015 that, in each case, are not and would not, individually or in the aggregate with all other liabilities and obligations of the Axia Entities (other than those disclosed in the Axia Financial Statements [**representation containing commercially sensitive information intentionally redacted**]), reasonably be expected to have a Material Adverse Effect. Without limiting the foregoing, (i) the Axia Financial Statements reflect reasonable reserves in accordance with IFRS for contingent liabilities relating to pending litigation and other contingent obligations of the Axia Entities (other than Covage), and (ii) [**representation containing commercially sensitive information intentionally redacted**]. The Cash Balance of Available Funds as at February 29, 2016 is as set forth in Schedule 3.1(s) of the Axia Disclosure Letter.

(t) Employment Matters.

- (i) Other than as disclosed in Schedule 3.1(t)(i) of the Axia Disclosure Letter, none of the Axia Entities has entered into any agreement or understanding providing for payments or entitlements to any current or former Axia Employee as a direct or indirect result of a change in control of the Axia Entities.
- (ii) No trade union, council of trade unions, employee bargaining agency or affiliated bargaining agent holds bargaining rights with respect to any of the Axia Entities, the Business, or to any of the Axia Employees (for greater certainty, excluding any Persons in which Covage is a securityholder, the business conducted by each of them, and the directors, officers, employees and independent contractors of such Persons) by way of certification, interim certification, voluntary recognition, or succession rights, or has applied or, to the knowledge of Axia, threatened to apply to be certified as the bargaining agent of any of the Axia Employees, and none of the Axia Entities is a party to any collective bargaining agreement. To the knowledge of Axia, there are no threatened or pending union organizing activities involving the Axia Entities, the Business, or the Axia Employees (for greater certainty, excluding any Persons in which Covage is a securityholder, the business conducted by each of them, and the directors, officers, employees and independent contractors of such Persons). There is no labour strike, dispute, work slowdown or stoppage pending or involving or, to the knowledge of Axia, threatened against any

of the Axia Entities and no such events have occurred within the last three years.

- (iii) Schedule 3.1(t)(iii) of the Axia Disclosure Letter sets forth a complete list of all of the Axia Employees, together with their name, named employer, job title, duration of employment, vacation entitlement, employee benefit entitlement, rate of remuneration (including bonus and commission entitlement) and all other entitlements and benefits of each Axia Employee.
- (iv) There are no outstanding assessments, penalties, fines, liens, charges, surcharges, or other amounts due or owing pursuant to any workplace safety and insurance/workers' compensation legislation in respect of any of the Axia Entities, any of the assets of the Axia Entities or the Business and none of the Axia Entities has been reassessed in any material respect under such legislation during the past three years, and, to the knowledge of Axia, no audit of any of the Axia Entities is currently being performed pursuant to any applicable workplace safety and insurance/workers' compensation legislation or regulations or rules. There are no claims or, to the knowledge of Axia, potential claims that may materially adversely affect the Axia Entities' accident cost experience pursuant to any applicable workplace and insurance/workers' compensation legislation, regulations or rules.
- (u) Absence of Certain Changes or Events. Except as set forth in the Axia Public Documents (including the Axia Financial Statements), since December 31, 2015 the Business of the Axia Entities has been conducted, in all material respects, in the ordinary course of business and consistent with past practice and there has not occurred a Material Adverse Effect.
- (v) Privacy Laws. None of the Axia Entities has received a material complaint regarding the collection, use or disclosure of personally identifiable information or materials.
- (w) Litigation. Except as disclosed in Schedule 3.1(w) of the Axia Disclosure Letter, there is no claim, action, proceeding or investigation pending or, to the knowledge of Axia, threatened against any of the Axia Entities before or by any Governmental Entity which, if adversely determined, would have, or reasonably could be expected to have, a Material Adverse Effect, nor to the knowledge of Axia are there any events or circumstances which could reasonably be expected to give rise to any such claim, action, proceeding or investigation. None of the Axia Entities is subject to any outstanding order from a Governmental Entity that would make illegal or that seeks to enjoin, restrain or prohibit the transactions contemplated by this Agreement.
- (x) Taxes. Except as disclosed in Schedule 3.1(x) of the Axia Disclosure Letter:
 - (i) Each of the Axia Entities has duly and in a timely manner made or prepared all material Tax Returns required to be made or prepared by it,

and duly and in a timely manner filed all material Tax Returns required to be filed by it with the appropriate Governmental Entity, and such Tax Returns were complete and correct in all material respects. Each of the Axia Entities has paid all material Taxes, including instalments on account of Taxes for the current year required by applicable Law, which are due and payable by it whether or not assessed by the appropriate Governmental Entity.

- (ii) Axia has provided adequate accruals in accordance with IFRS in its unaudited consolidated balance sheet as of September 30, 2015 (which comprises a part of the Axia Financial Statements) for any Taxes of Axia and each of its Subsidiaries (other than Covage) that had not been paid as at September 30, 2015 whether or not shown as being due on any Tax Returns. **[representation containing commercially sensitive information intentionally redacted]**.
- (iii) Each of the Axia Entities has duly and timely withheld all material Taxes and other amounts required by Law to be withheld by it (including Taxes and other amounts required to be withheld by it in respect of any amount paid or credited or deemed to be paid or credited by it to or for the benefit of any Person) and has duly and timely remitted to the appropriate Governmental Entity such Taxes or other amounts required by Law to be remitted by it.
- (iv) To the knowledge of Axia, no material claim has been made by any Governmental Entity in any jurisdiction where the Axia Entities have not filed Tax Returns and have not paid Taxes that the Axia Entities are subject to Tax by that jurisdiction.
- (v) To the knowledge of Axia, there are no proceedings, investigations, audits or claims now pending or threatened against any of the Axia Entities in respect of any Taxes and there are no matters under discussion, audit or appeal with any Governmental Entity relating to Taxes.
- (vi) To the knowledge of Axia, there are no material Liens for Taxes upon any properties or assets of the Axia Entities (other than Liens relating to Taxes not yet due and payable and for which adequate reserves have been recorded in the Axia Financial Statements **[representation containing commercially sensitive information intentionally redacted]**).
- (vii) There are no outstanding agreements extending or waiving the statutory period of limitations applicable to any claim for, or the period for the collection or assessment or reassessment of, Taxes due from any of the Axia Entities for any taxable period and no request for any such waiver or extension is currently pending.
- (viii) All Tax Returns of the Axia Entities that the Purchaser has been provided with, or with access to, are true, correct and complete in all material respects.

- (ix) No Axia Entity is party to any Tax sharing or similar agreement that will require any payment by an Axia Entity after the Effective Date.
- (x) Axia is not a non-resident of Canada within the meaning of the Tax Act.
- (xi) None of the Axia Entities has acquired property from a Person with whom such Axia Entity was not dealing at arm's length (within the meaning of the Tax Act) in circumstances which could subject such Axia Entity to liability under section 160 of the Tax Act.
- (y) Books and Records. The financial books, records and accounts of the Axia Entities (i) have been maintained in all material respects in compliance with applicable Laws, and (ii) accurately and fairly reflect the material transactions of the Axia Entities. The minute books described in such Schedule 3.1(y) of the Axia Disclosure Letter have been made available to the Purchaser in connection with its due diligence investigation and except as disclosed in such schedule, are complete and accurate in all material respects.
- (z) Insurance.
 - (i) As of the date hereof, the Axia Entities have in place the insurance policies set out in Schedule 3.1(z) of the Axia Disclosure Letter. All premiums payable prior to the date hereof under such policies of insurance have been paid.
 - (ii) Each of the insurance policies set out in Schedule 3.1(z) of the Axia Disclosure Letter is in full force and effect and Axia will use reasonable commercial efforts to keep them in full force and effect or renew them as appropriate through the Effective Date; and (B) to the knowledge of Axia, no written notice of cancellation or termination has been received by Axia or any of its Subsidiaries with respect to any such policy.
- (aa) Non-Arm's Length Transactions. Except for employment or employment compensation agreements entered into in the ordinary course of business and except as disclosed in Schedule 3.1(aa) of the Axia Disclosure Letter, there are no current Contracts or other transactions between Axia or its Subsidiaries, on the one hand, and any (i) officer or director of Axia or any of its Subsidiaries, (ii) holder of record or, to the knowledge of Axia, beneficial owner of ten percent or more of the voting securities of Axia, or (iii) any Affiliate or associate of any officer, director or beneficial owner, on the other hand (collectively, "**Related Party Contracts**").
- (bb) Benefit Plans.
 - (i) Schedule 3.1(bb)(i) of the Axia Disclosure Letter contains a true and complete list of all material Axia Benefit Plans. Current and complete copies of all material Axia Benefit Plans as amended to date have been delivered or made available to the Purchaser together with copies of all material documents relating to the Axia Benefit Plans.

- (ii) Except as disclosed in Schedule 3.1(bb)(ii) of the Axia Disclosure Letter, none of the Axia Entities have any liability for life, health, medical or other welfare benefits to former Axia Employees or beneficiaries or dependants thereof, and there has been no communication to Axia Employees by Axia or any of its Subsidiaries which could reasonably be interpreted to promise or guarantee such Axia Employees retiree health or life insurance or other retiree benefits.
- (iii) Each Axia Benefit Plan is, and has been, in all material respects, established, registered, amended, funded, operated, administered and invested in accordance with its terms, all Laws, applicable collective bargaining agreements, and all employer and employee payments, contributions and premiums required to be remitted, paid to or in respect of each Axia Benefit Plan, as of the date hereof, have been paid or remitted in a timely fashion in accordance with its terms and all Laws.
- (iv) There has been no amendment to, or announcement by Axia or any of its Subsidiaries relating to, or change in employee participation or coverage under, any Axia Benefit Plan which would materially increase the expense of maintaining such plan above the level of the expense incurred therefor for the most recent fiscal year.
- (v) No Axia Benefit Plan exists that, as a result of the execution of this Agreement, nor the consummation of the Arrangement could result in (A) any Axia Employees receiving termination or severance pay or any increase in termination or severance pay upon any termination of employment after the date hereof, or (B) acceleration of the time of payment or vesting or result in any payment or funding of compensation or benefits under, increase the amount payable, or result in any other material obligation pursuant to, any of the Axia Benefit Plans.
- (vi) No Axia Benefit Plan that is funded through an insurance contract is subject to a retroactive premium adjustment.
- (cc) Property. Each of the Axia Entities has good and sufficient title, free and clear of any Liens (other than Permitted Liens), to its real property interests, leases, licenses, easements, rights of way, permits allowing the use of land or premises by the Axia Entities, necessary to permit the operation of the Business, as it is now being conducted in all material respects.
- (dd) Environmental.
 - (i) All facilities and operations of the Axia Entities have been conducted, and are now conducted, in material compliance with all Environmental Laws;
 - (ii) the Axia Entities are in possession of, and in material compliance with, all Environmental Permits that are required to conduct their respective business as they are now being conducted; and

- (iii) no environmental investigation, remediation, reclamation or closure obligation, demand, notice or work order presently exists with respect to any property, interests and rights of the Axia Entities.
- (ee) Restrictions on Business Activities. Except as disclosed in Schedule 3.1(ee) of the Axia Disclosure Letter, there is no agreement, judgement, injunction, order or decree binding upon any of the Axia Entities that has or could reasonably be expected to have the effect of materially prohibiting or impairing the activities of the Axia Entities, other than such agreements, judgements, injunctions, orders or decrees which would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.
- (ff) Broadcasting Act Licenses. The Axia Entities do not, directly or indirectly, hold any licenses issued under the *Broadcasting Act*.
- (gg) Communications Laws Compliance. Axia is in compliance in all material respects with the *Telecommunications Act* and regulations made thereunder, including any applicable decisions, orders or policies of the Canadian Radio-television and Telecommunications Commission (the "CRTC") (collectively, the "**Canadian Communications Laws**"), and to Axia's knowledge there is no order or action pending or threatened in writing by the Minister of Innovation, Science and Economic Development or the CRTC for any alleged violations of the Canadian Communications Laws which if determined adversely to Axia would have a Material Adverse Effect.
- (hh) Telecommunications Common Carrier. Axia is eligible to operate as a telecommunications service provider in Canada pursuant to Section 16(2)(c) of the *Telecommunications Act*, as the annual revenues of Axia and its Affiliates from the provision of telecommunications services in Canada represent less than 10% of the total annual revenues from the provision of telecommunications services in Canada (as determined by the CRTC).
- (ii) Network Design and Maintenance. The Network Assets have been designed by Axia and have been maintained to address, in all material respects, all contractual commitments to Axia's customers as of the date hereof and to permit Axia to conduct the Business and, except as set forth in Schedule 3.1(ii) of the Axia Disclosure Letter and except for planned growth, no material Network Asset is or is expected to become obsolete, defective, slow-moving or out of material working order within three (3) years of the date hereof.
- (jj) Capacity Reports. Schedule 3.1(jj) of the Axia Disclosure Letter contains a true and correct copy of the internal capacity report of the Axia Entities relating to the Network Assets as of January 4, 2016 and, except as set forth in Schedule 3.1(jj) of the Axia Disclosure Letter, no material network connection, on an individual basis, is running at a capacity level in excess of 90% that cannot be remediated in the ordinary course of business.
- (kk) Investment Canada Act. Axia is not a "cultural business" within the meaning of Subsection 14.1(6) of the *Investment Canada Act*.

- (ll) Material Contracts. Schedule 3.1(ll) of the Axia Disclosure Letter lists each of the following Contracts (together with all amendments and modifications thereof) of the Axia Entities (the "**Axia Material Contracts**") that are in force as of the date hereof:
- (i) each Contract requiring an Axia Entity to pay aggregate consideration in excess of \$1,000,000 or more per year, which cannot be cancelled by the applicable Axia Entity without penalty or without more than 90 days' notice;
 - (ii) each Contract for the: **[representation containing commercially sensitive information intentionally redacted]**. To Axia's knowledge, none of the counterparties to the foregoing Contracts have provided written notice to any of Axia or its Subsidiaries prior to the date hereof of any intention to materially and adversely change or terminate their current relationship with any of Axia or its Subsidiaries;
 - (iii) each Contract for the: **[representation containing commercially sensitive information intentionally redacted]**;
 - (iv) all Contracts that relate to the sale of any of the assets of the Axia Entities (including Network Assets) after the date of this Agreement, for consideration, on a per transaction or series of related transactions basis, in excess of \$250,000, other than, for greater certainty, the sale, purchase and resale, lease or other use or transfer of inventories, products and services in the ordinary course of business in a manner consistent with past practices;
 - (v) all Related Party Contracts;
 - (vi) all Contracts granting rights of first refusal, rights of first negotiation or most favoured nation pricing to any Person; and
 - (vii) all Contracts providing for the establishment, investment in, organization, formation, or governance of any material joint venture, partnership or strategic alliance.

There are no outstanding defaults (or events which would constitute a default with the passage of time or giving of notice or both) or breaches under any of the Axia Material Contracts on the part of an Axia Entity or, to the knowledge of Axia, on the part of any other party to such Axia Material Contracts, which would have a Material Adverse Effect.

- (mm) Capital Expenditures. As of the date hereof, none of the Axia Entities has authorized or is otherwise committed or legally responsible to make any material capital expenditure relating to the Business, except for capital expenditures to be made in the ordinary course of business.

- (nn) Transaction Costs. Schedule 3.1(nn) of the Axia Disclosure Letter lists an estimate of all of the Axia Transaction Costs, which Axia Transaction Costs are not expected to exceed \$8.0 million.

3.2 Investigation and Disclaimer of Additional Representations and Warranties

Any investigation by the Purchaser or its Representatives shall not mitigate, diminish or affect the representations and warranties of Axia contained in Section 3.1.

The Purchaser agrees and acknowledges that, except as expressly set forth in this Agreement, neither Axia nor any other persons on behalf of Axia makes any representation or warranty, express or implied, at law or in equity, with respect to Axia, its Subsidiaries, their respective businesses, the past, current or future financial condition or any of their assets, liabilities or operations, or their past, current or future profitability or performance, individually or in the aggregate, and any such other representations or warranties are hereby expressly disclaimed. Without limiting the generality of the foregoing, Axia expressly disclaims any representation or warranty that is not set forth in this Agreement.

3.3 Survival of Representations and Warranties

The representations and warranties of Axia contained in this Agreement shall not survive the completion of the Arrangement and shall expire and be terminated on the earlier of the Effective Time and the date on which this Agreement is terminated in accordance with its terms.

ARTICLE 4 REPRESENTATIONS AND WARRANTIES OF THE PURCHASER

4.1 Representations and Warranties

The Purchaser hereby represents and warrants to Axia as follows, and acknowledges that Axia is relying upon such representations and warranties in connection with the entering into of this Agreement:

- (a) Organization and Qualification. The Purchaser is duly incorporated and validly existing under the Laws of Alberta, and has full corporate power and authority to own its assets and conduct its business as now owned and conducted. The Purchaser is duly qualified to carry on business and is in good standing in each jurisdiction in which the character of its properties or the nature of its activities makes such qualification necessary, except where the failure to be so qualified will not, individually or in the aggregate, have a material adverse effect on the Purchaser. The Purchaser has not received any notice from any Governmental Entity of any restriction on its ability to conduct its business as is currently conducted, or to own, lease, operate, license or otherwise hold its assets. True, complete and up-to-date copies of the constating documents of the Purchaser have been made available to Axia, together with all amendments to date.
- (b) Authority Relative to this Agreement. The Purchaser has the requisite corporate power and authority to enter into this Agreement and to perform its obligations hereunder. The execution and delivery of this Agreement by the Purchaser and the

consummation by the Purchaser of the transactions contemplated by this Agreement have been duly authorized by the board of directors of the Purchaser and no other corporate proceedings on the part of the Purchaser are necessary to authorize this Agreement or the consummation by the Purchaser of the transactions contemplated by this Agreement. This Agreement has been duly executed and delivered by the Purchaser and constitutes a valid and binding obligation of the Purchaser, enforceable by Axia against the Purchaser in accordance with its terms, except as the enforcement thereof may be limited by bankruptcy, insolvency and other applicable Laws affecting the enforcement of creditors' rights generally and subject to the qualification that equitable remedies may be granted only in the discretion of a court of competent jurisdiction.

- (c) No Conflict; Required Filings and Consents. The execution and delivery by the Purchaser of this Agreement and the performance by it of its obligations hereunder and the completion of the Arrangement will not violate, conflict with or result in a breach of any provision of the constating documents of the Purchaser, and except as would not, individually or in the aggregate, have or reasonably be expected to have a material adverse effect on the ability of the Purchaser, to consummate the Arrangement or perform its obligations hereunder will not: (i) violate, conflict with or result in a breach of: (A) any Contract or Authorization to which it is a party or by which it is bound; or (B) any Law to which it is subject or by which the Purchaser is bound; or (ii) result in the imposition of any Lien upon any of the Purchaser's assets. Other than the Interim Order, the Final Order, the filing contemplated by Section 5.4(a)(i)(D) and the Key Regulatory Approvals, no Authorization, consent or approval of, or filing with, any Governmental Entity or any court or other authority is necessary on the part of the Purchaser for the consummation by it of its obligations in connection with the Arrangement under this Agreement.
- (d) Litigation. There is no claim, action, proceeding or investigation pending or, to the knowledge of the Purchaser, threatened against the Purchaser, before or by any Governmental Entity which, if adversely determined, would have, or reasonably could be expected to have, a material adverse effect on the ability of the Purchaser to perform its obligations under this Agreement, or be reasonably expected to prevent or delay the consummation of the transactions contemplated by this Agreement, nor to the knowledge of the Purchaser are there any events or circumstances which could reasonably be expected to give rise to any such claim, action, proceeding or investigation. None of the Purchaser or any of its Affiliates is subject to any outstanding order from a Governmental Entity that would make illegal or that seeks to enjoin, restrain or prohibit the transactions contemplated by this Agreement.
- (e) Financing. The Purchaser has on the date hereof, and shall have at the Effective Date, sufficient available funds and/or Financing Commitment Letters, true and complete copies of which, if applicable, have been delivered to Axia prior to the date hereof, to pay the aggregate Consideration payable by the Purchaser to the Axia Shareholders under the Arrangement and all other necessary fees, expenses and other amounts in connection with the consummation of the transactions

contemplated by this Agreement. Such Financing Commitment Letters are and will remain up to and including the Effective Time, in full force and effect and have not been modified, amended, restated or replaced. None of the respective commitments contained in the Financing Commitment Letters have been withdrawn, terminated or rescinded in whole or in part. The Purchaser has fully paid any and all commitment fees or other fees required by the Financing Commitment Letters to be paid on or before the date of this Agreement. There are no conditions precedent or other contingencies related to the funding of the full amount of the financing provided for in the Financing Commitment Letters other than as specified in the Financing Commitment Letters and the Purchaser has no reason to believe that the conditions set forth in the Financing Commitment Letters will not be satisfied, that such available cash will not be available at the Effective Date or that the Financing Commitment Letters will not be funded at the Effective Date.

- (f) Ownership of Axia Shares. Neither the Purchaser nor any of its Affiliates currently owns any Axia Shares.
- (g) Investment Canada Act. The Purchaser is a "WTO Investor" within the meaning of Section 14.1(6) of the Investment Canada Act. The Purchaser is not a "state-owned enterprise" within the meaning of Section 3 of the Investment Canada Act.
- (h) Brokers. Except for Persons whose fees, commissions and expenses are the sole responsibility of the Purchaser, none of the Purchaser, or any of its officers, directors or employees, has employed any broker or finder or incurred any liability for any brokerage fees, commissions or finder's fees in connection with the transactions contemplated by this Agreement.
- (i) Competition Act. Purchaser and its affiliates (as such term is defined in the Competition Act) do not have: (i) assets in Canada that exceed \$262,625,000 in aggregate or for the year ending December 31, 2015; or (ii) gross revenues from sales in, from or into Canada that exceed \$332,313,000 for the 2015 calendar year, in each case, determined in accordance with the Competition Act.

4.2 Investigation and Disclaimer of Additional Representations and Warranties

Any investigation by Axia or its Representatives shall not mitigate, diminish or affect the representations and warranties of the Purchaser contained in Section 4.1.

Axia agrees and acknowledges that, except as expressly set forth in this Agreement, neither the Purchaser nor any other persons on behalf of Purchaser makes any representation or warranty, express or implied, at law or in equity, with respect to Purchaser, its businesses, the past, current or future financial condition or any of their assets, liabilities or operations, or their past, current or future profitability or performance, individually or in the aggregate, and any such other representations or warranties are hereby expressly disclaimed. Without limiting the generality of the foregoing, the Purchaser expressly disclaims any representation or warranty that is not set forth in this Agreement.

4.3 Survival of Representations and Warranties

The representations and warranties of the Purchaser contained in this Agreement shall not survive the completion of the Arrangement and shall expire and be terminated on the earlier of the Effective Time and the date on which this Agreement is terminated in accordance with its terms.

ARTICLE 5 COVENANTS

5.1 Covenants of Axia

Axia covenants and agrees that during the period from the date of this Agreement until the earlier of the Effective Time and the time that the Agreement is terminated in accordance with its terms, (a) unless the Purchaser shall otherwise consent in writing, which written consent shall not be unreasonably withheld, conditioned or delayed, (b) except as otherwise expressly contemplated or permitted by this Agreement (including by Section 1.8), or (c) except as otherwise required by applicable Law or any Governmental Entity:

- (a) Axia shall, and shall cause the other Axia Entities to, (i) conduct their respective businesses in the ordinary course of business, consistent with past practice, and (ii) use reasonable best efforts to maintain and preserve intact its current business organization, operations and franchise and to preserve the rights, franchises, goodwill and relationships of its employees, customers, lenders, suppliers, regulators and others having relationships with the Business;
- (b) without limiting the generality of Section 5.1(a), Axia shall not, and shall cause each other Axia Entity to not, directly or indirectly, except in the ordinary course of business:
 - (i) issue, sell, grant, award, pledge, dispose of, encumber or agree to issue, sell, grant, award, pledge, dispose of or encumber any Axia Shares, Axia Options, Axia RSUs, Axia DSUs or any calls, conversion privileges or rights of any kind to acquire any Axia Shares or other securities of Axia, or any shares or other securities of its Subsidiaries, other than pursuant to the exercise or settlement of any Axia Options, Axia DSUs or Axia RSUs that are outstanding as of the date hereof, and other than pursuant to Axia's obligations under the Axia Share Purchase Plan (which, for greater certainty, will continue to operate in the ordinary course until the Effective Time);
 - (ii) amend or propose to amend the articles, by-laws or other constituting documents or the terms of any securities of the Axia Entities;
 - (iii) split, combine or reclassify any outstanding securities of any of the Axia Entities;
 - (iv) redeem, purchase or offer to purchase any securities of the Axia Entities, other than pursuant to the exercise or settlement of any Axia Options,

Axia DSUs or Axia RSUs that are outstanding as of the date hereof, and other than pursuant to Axia's obligations under the Axia Share Purchase Plan (which, for greater certainty, will continue to operate in the ordinary course until the Effective Time) and Axia's automatic share purchase plan entered into in connection with its normal course issuer bid (which normal course issuer bid will be suspended by Axia as soon as is permitted following the date hereof by Axia's automatic share purchase plan);

- (v) declare, set aside or pay any dividend or other distribution to Axia Shareholders (whether in cash, securities or property or any combination thereof);
- (vi) reorganize, amalgamate or merge any of the Axia Entities with any other Person;
- (vii) except for sales in the ordinary course of business, sell, pledge, lease, dispose of, mortgage, license, encumber or agree to sell, pledge, lease, dispose of, mortgage, license, encumber or otherwise transfer any assets of the Axia Entities or any interest in any assets of the Axia Entities having a value greater than \$1.0 million in the aggregate;
- (viii) except as set out in Schedule 5.1(b)(viii) of the Axia Disclosure Letter (but subject to the express prohibition contained therein), acquire or agree to acquire (by merger, amalgamation, acquisition of shares or assets or otherwise) any Person, or make any investment either by purchase of securities, contributions of capital (other than to Subsidiaries), property transfer or purchase of any property or assets of any other Person having a value of greater than \$0.5 million in the aggregate;
- (ix) except as set out in Schedule 5.1(b)(ix) of the Axia Disclosure Letter, incur, create, assume or otherwise become liable for any indebtedness for borrowed money or any other material liability or obligation or issue any debt securities, except for the borrowing of working capital and amounts required to fund capital expenditures made in the ordinary course of business and consistent with past practice and as set forth in the Axia 2016 Budget, or guarantee, endorse or otherwise as an accommodation become responsible for, the obligations of any other Person or make any loans or advances;
- (x) except as set out in Schedule 5.1(b)(x) of the Axia Disclosure Letter, pay, discharge, settle, satisfy, compromise, waive, assign or release any material claims, liabilities or obligations;
- (xi) waive, release, grant, transfer, modify or amend, in any material respect, any material Authorization or any Axia Material Contract, including for greater certainty **[restrictive covenant containing commercially sensitive information intentionally redacted]**;

- (xii) except as would not reasonably be expected to cause a Material Adverse Effect, take any action or fail to take any action, which action or failure to act would result in the material loss, expiration or surrender of, or the loss of any material benefit under, or reasonably be expected to cause any Governmental Entities to institute proceedings for the suspension, revocation or limitation of rights under, any material Permits necessary to conduct its businesses as now conducted, or fail to prosecute with commercially reasonable due diligence any pending applications to any Governmental Entities;
 - (xiii) other than as is necessary to comply with applicable Laws or the current terms of any Contracts or Axia Benefit Plans that are disclosed in the Axia Disclosure Letter: (A) grant to any Axia Employee a material increase in compensation in any form, or grant any general salary increase; (B) make any loan to any Axia Employee; or (C) materially increase any benefits payable under any existing severance or termination pay policies or employment agreements, or adopt or materially amend or make any contribution to any Axia Benefit Plan or other bonus, profit sharing, option, pension, retirement, deferred compensation, insurance, incentive compensation, compensation or other similar plan, agreement, trust, fund or arrangement for the benefit of Axia Employees;
 - (xiv) knowingly take any action or knowingly permit any inaction or knowingly enter into any transaction (other than the implementation and fulfillment of the transactions contemplated in this Agreement and the Plan of Arrangement and actions taken in the ordinary course of business) that could reasonably be expected to have the effect of materially reducing or eliminating the amount of the tax cost "bump" pursuant to paragraphs 88(1)(c) and 88(1)(d) of the Tax Act in respect of the securities of any Axia Entities and other non-depreciable capital property owned by any of the Axia Entities on the date hereof, upon an amalgamation or winding-up of any of the Axia Entities (or any of their respective successors);
- (c) Axia shall use reasonable commercial efforts to cause its current insurance (or re-insurance) policies not to be cancelled or terminated or any of the coverage thereunder to lapse, unless simultaneously with such termination, cancellation or lapse, replacement policies underwritten by insurance and re-insurance companies of nationally recognized standing providing coverage equal to or greater than the coverage under the cancelled, terminated or lapsed policies for substantially similar premiums are in full force and effect;
- (d) Axia shall:
- (i) not take any action, directly or indirectly, which would render, or which would reasonably be expected to render, any representation or warranty made by it in this Agreement untrue in any material respect;
 - (ii) provide the Purchaser with prompt written notice of any change (or any condition, event, circumstance or development involving a prospective

change) in the respective businesses of the Axia Entities which, when considered either individually or in the aggregate, has resulted in or would reasonably be expected to result in a Material Adverse Effect;

- (iii) except as disclosed in Schedule 5.1(d)(iii) of the Axia Disclosure Letter, not, and shall cause the other Axia Entities not to, enter into or renew any Axia Material Contract that involves or would reasonably be expected to involve payments in excess of \$1.0 million in the aggregate over the term of the contract;
- (iv) except as disclosed in Schedule 5.1(d)(iv) of the Axia Disclosure Letter (including as contemplated by the Axia 2016 Budget contained therein), not, and shall cause the other Axia Entities not to, incur any capital expenditures or enter into any agreement providing for future capital expenditures involving payments in excess of \$0.5 million in the aggregate; and
- (v) except as disclosed in Schedule 5.1(d)(v) of the Axia Disclosure Letter, not, and shall cause the other Axia Entities not to, enter into any concession or similar agreements where the commercial framework or feasibility of the project that is the subject of such concession or similar agreements is materially different from past practice;

(e) each of the Axia Entities shall:

- (i) duly and timely file all material Tax Returns required to be filed by it on or after the date hereof and all such Tax Returns will be true, complete and correct in all material respects;
- (ii) timely withhold, collect, remit and pay all material Taxes which are to be withheld, collected, remitted or paid by it to the extent due and payable;
- (iii) not make or rescind any material express or deemed election relating to Taxes;
- (iv) not make a request for a Tax ruling or enter into any agreement with any taxing authorities or consent to any extension or waiver of any limitation period with respect to Taxes;
- (v) not settle or compromise any material claim, action, suit, litigation, proceeding, arbitration, investigation, audit or controversy relating to Taxes; and
- (vi) not amend any Tax Return or change any of its methods of reporting income, deductions or accounting for income Tax purposes from those employed in the preparation of its income Tax Return for the tax year ended December 31, 2014, except as may be required by applicable Laws;

- (f) Axia shall not, and shall cause each other Axia Entity not to, authorize or propose, or enter into or modify, any Contract to do any of the matters prohibited by the other Subsections of this Section 5.1;
- (g) other than the fees, expense reimbursements and other amounts payable to Oppenheimer pursuant to the engagement letter between Oppenheimer and Axia disclosed in Schedule 5.1(g) of the Axia Disclosure Letter, Axia shall not, and shall cause each other Axia Entity not to, pay (or incur any liability for) any fees, expense reimbursements or other amounts for financial advisory services in connection with the transactions contemplated by this Agreement; and
- (h) from and after the date of this Agreement, and subject in all respects to the treatment of competitively sensitive information and the terms of provision of access, data and information provided for in Sections 5.3, 5.4 and 7.2, Axia shall (and to the extent possible, and subject to Section 1.8, shall cause Covage to):
 - (i) cooperate with the Purchaser to plan an orderly integration of the business and affairs of the Axia Entities after the Effective Date, and in connection therewith will:
 - (A) keep the Purchaser fully informed of Axia's material activities during the period prior to the Effective Date;
 - (B) respond to all reasonable requests for information by the Purchaser, and to the extent reasonably possible, provide the information requested in a timely manner;
 - (C) allow the Purchaser and its Representatives to have reasonable access to Axia's premises, management and senior employees during normal business hours;
 - (D) provide a bi-weekly status report to the Purchaser regarding changes in Axia's Cash Balance of Available Funds; and
 - (E) provide a monthly update to the Purchaser regarding material variances, if any, from the Axia 2016 Budget; and
 - (ii) permit the Purchaser to designate one representative as an observer (the "**Observer**") to the management operations of Axia and its Business. The Observer shall be entitled to receive notice of and to attend at the Purchaser's cost (in person or by telephone, video conference or other reasonable means) each weekly executive management meeting, whether such meetings are held in person, by telephone, video conference or any other means (a "**Meeting**"). Axia shall send to the Observer all notices, consents, minutes, documents and other information and materials that it sends to other attendees of the applicable Meeting (collectively, the "**Materials**"), at substantially the same time and in substantially the same manner (or as close as may be reasonably practicable thereto) as Axia sends the Materials to other attendees of the Meeting.

Notwithstanding the foregoing, nothing contained in this Agreement is intended to give the Purchaser, directly or indirectly, the right to control or direct the operations of the Axia Entities prior to the Effective Time. Prior to the Effective Time, Axia shall exercise, consistent with the terms and conditions of this Agreement, complete control and supervision over its and its Subsidiaries' operations.

5.2 Covenants of Axia Relating to the Arrangement

Axia shall and shall (subject to Section 1.8) cause its Subsidiaries to perform all obligations required to be performed by Axia or any of its Subsidiaries under this Agreement, co-operate with the Purchaser in connection therewith, and do all such other reasonable acts and things as may be necessary or desirable in order to consummate and make effective the transactions contemplated in this Agreement and, without limiting the generality of the foregoing or the obligations in Sections 2.3 and 2.5 of this Agreement, Axia shall and, where applicable, shall (subject to Section 1.8) cause its Subsidiaries to use commercially reasonable efforts to:

- (a) in the case of Axia, retain the services of proxy solicitation agents agreed to by Axia and the Purchaser, each acting reasonably, and cooperate with any persons engaged by the Purchaser, in each case to solicit proxies in favour of the approval of the Arrangement Resolution and recommend to all Axia Shareholders that they vote in favour of the Arrangement Resolution, and (i) permit the Purchaser to participate in all conference calls and meetings with such proxy solicitation agent, (ii) provide the Purchaser with all information distributed by the proxy solicitation agent, (iii) consult with, and consider any suggestions from, the Purchaser with regards to the proxy solicitation agent, and (iv) consult with the Purchaser and keep the Purchaser apprised of any material developments with respect to such proxy solicitation activities;
- (b) obtain as promptly as practicable following execution of this Agreement all third party consents, approvals and notices required under any of the Axia Material Contracts;
- (c) defend all lawsuits or other legal, regulatory or other proceedings against Axia challenging or affecting this Agreement or the consummation of the transactions contemplated hereby; and
- (d) satisfy all conditions precedent in this Agreement and take all steps set forth in the Interim Order.

5.3 Covenants of Axia Relating to Regulatory and Third Party Approvals

- (a) Axia shall:
 - (i) use commercially reasonable efforts to give all notices to, make all filings and applications with, obtain all consents, orders, opinions, rulings, no-action letters and approvals of, and take any action in respect of, any Persons and Governmental Entity required of Axia or its Subsidiaries to consummate the transactions contemplated by this Agreement, including

jointly preparing and filing with Purchaser, the FCC Domestic Section 214 Application;

- (ii) provide such other information and communications to such Governmental Entity or other Persons as such Governmental Entity or other Persons may request in connection therewith;
- (iii) attend at any telephonic and in-person meetings before any Governmental Entity or other Persons as requested in writing by the Purchaser in connection with any filing, applications, consents or approvals made in connection with this Section 5.3(a); and
- (iv) provide such necessary information and reasonable cooperation to the Purchaser or its outside counsel as reasonably requested by the Purchaser in connection with the performance of the Purchaser's obligations under Section 5.4.

Axia shall provide prompt notification to the Purchaser when any such consent, orders, opinions, rulings, no-action letters, approval, action, filing or notice referred to in clause (i) above is obtained, taken, made or given, as applicable, and shall advise the Purchaser of any communications (and, unless precluded by Law, provide copies of any such communications that are in writing to the Purchaser or its external counsel) with any Governmental Entity or other Person regarding any of the transactions contemplated by this Agreement.

- (b) Without limiting the generality of the foregoing, Axia shall consult and cooperate with the Purchaser in connection with all notices, filings, applications, analyses, appearances, presentations, memoranda, briefs, arguments, opinions and proposals made or submitted by or on behalf of a Party in connection with obtaining all consents and approvals from any Governmental Entity necessary to consummate the transactions contemplated by this Agreement; provided that, Axia shall not attend any substantive telephonic or in-person meeting with any Governmental Entity or Person in connection with any filing, application or notice contemplated in Section 5.3(a) without giving the Purchaser reasonable advance notice in writing of any such meeting and giving the Purchaser and outside counsel of the Purchaser an opportunity to attend any such meeting on an outside counsel only basis.
- (c) Axia shall not make any notification, filing, application, or other submission in relation to the transactions contemplated by this Agreement in connection with obtaining the Key Regulatory Approvals or other requisite regulatory approvals without first providing the Purchaser a copy of such notification, filing, application or other submission in draft form and giving the Purchaser an opportunity to review such notification, filing, application or other submission. Axia shall consider and take account of all reasonable comments timely made by the Purchaser in this respect. Notwithstanding the foregoing, Axia shall not be required to provide a copy of any notification, filing, application or other submission to the Purchaser where it contains confidential and competitively-

sensitive information provided that Axia both (i) provides a complete copy to the Purchaser's outside counsel and (ii) provides a redacted copy to the Purchaser.

- (d) Notwithstanding the foregoing, in no event shall Axia be required to make any payment (other than reasonable legal fees) that it is not presently contractually required to make, enter into any other agreement or arrangement with any Person that it is not presently contractually required to enter into, accept any significant modification in any existing agreement or arrangement, take any action that would alter or restrict in any way any of Axia's or any of its Subsidiaries' business or commercial practices (including divesting or holding separate any of its assets or portion of its business) that, in the case of any of the foregoing, would be effective prior to the Effective Time.

5.4 Covenants of the Purchaser Relating to Regulatory and Third Party Approvals

- (a) Subject to Section 5.4(e), the Purchaser shall, as promptly as practicable after the date hereof:
 - (i) use its commercially reasonable efforts to give all notices to, make all filings and applications with, obtain all consents and approvals of, and take any action in respect of, any Persons and Governmental Entities that are required of the Purchaser to consummate the transactions contemplated by this Agreement. Without limiting the generality of the foregoing, the Purchaser shall, as soon as reasonably practicable after the date of this Agreement, and in any event no later than 10 Business Days from the date of this Agreement:
 - (A) prepare and file the ICA Notification with the Investment Review Division;
 - (B) prepare and file with the Ministry of Finance (*Direction Générale du Trésor*) the declaration required under articles R151-1 7° and R152-5 of the Monetary and Financial Code (France) (*Code Monétaire et Financier*); and
 - (C) jointly with Axia, prepare and file the FCC Domestic Section 214 Application;
 - (ii) provide such other information and communications to such Governmental Entity or other Persons as such Governmental Entity or other Persons may reasonably request in connection therewith; and
 - (iii) provide such necessary information and reasonable cooperation to Axia and its outside counsel as reasonably requested by Axia in connection with the performance of its obligations under Section 5.3.

The Purchaser shall provide prompt notification to Axia when any such consent, orders, opinions, rulings, no-action letters, approval, action, filing or notice referred to in clause (i) above is obtained, taken, made or given, as applicable, and

shall advise Axia of any communications (and, unless precluded by Law, provide copies of any such communications that are in writing to Axia or its external counsel) with any Governmental Entity or other Person regarding any of the transactions contemplated by this Agreement.

- (b) Without limiting the generality of the foregoing, the Purchaser shall consult and cooperate with Axia in connection with all notices, filings, applications, analyses, appearances, presentations, memoranda, briefs, arguments, opinions and proposals made or submitted by or on behalf of the Purchaser in connection with obtaining all consents and approvals from any Governmental Entity necessary to consummate the transactions contemplated hereby; provided that, the Purchaser shall not attend any substantive telephonic or in-person meeting with any Governmental Entity or Person in connection with any filing, application or notice contemplated in Section 5.4(a) without giving Axia reasonable advance notice in writing of any such meeting and giving Axia and outside counsel of Axia an opportunity to attend any such meeting on an outside counsel only basis.
- (c) ~~The Purchaser shall not make any notification, filing, application, or other submission in relation to the transactions contemplated by this Agreement in connection with obtaining any Key Regulatory Approvals or other requisite regulatory approvals without first providing Axia a copy of such notification, filing, application or other submission in draft form and giving Axia a reasonable opportunity to review such notification, filing, application or other submission. The Purchaser shall consider and take account of all reasonable comments timely made by Axia in this respect. Notwithstanding the foregoing, the Purchaser shall not be required to provide a copy of any notification, filing, application or other submission to Axia where it contains confidential and competitively-sensitive information provided that the Purchaser both (i) provides a complete copy to Axia's outside counsel and (ii) provides a redacted copy to Axia.~~
- (d) If any objections or concerns are asserted with respect to the ICA National Security Clearance or the FCC Domestic Section 214 Approval or the Purchaser is advised that the ICA National Security Clearance or FCC Domestic Section 214 Approval is unlikely to be obtained on the terms and conditions filed, the Purchaser and Axia shall make commercially reasonable efforts to resolve such objections or concerns in a timely and expeditious manner, including consenting to any reasonable extension of any review period.
- (e) Notwithstanding anything to the contrary set forth herein, the obligations of the Purchaser under this Section 5.4 shall include committing to any commercially reasonable undertakings, divestitures, licenses or hold separate or similar arrangements with respect to its assets or the assets of Axia or any of its Subsidiaries and committing to any undertakings or other arrangements relating to the conduct of its business or the business of Axia or its Subsidiaries as a condition to obtaining any and all approvals or clearances from any Governmental Entity or Person necessary to consummate the transactions contemplated hereby, including taking all commercially reasonable actions necessary in order to secure the Key Regulatory Approvals, as well as the necessary consents, approvals,

clearances or forbearances, or the termination, waiver or expiration of the necessary waiting periods, under, as applicable any other applicable antitrust, competition, foreign investment or similar Law. The Purchaser shall not knowingly take or cause to be taken any action which would be expected to prevent or delay the obtaining of any consent or approval required hereunder, including entering into any timing or other agreements with any Governmental Entity without the express written consent of Axia, for the consummation of the transactions contemplated hereby. No action taken under this Section 5.4 shall entitle the Purchaser to any reduction in the aggregate Consideration payable under the Arrangement.

5.5 Covenants of the Purchaser Relating to Financing

- (a) The Purchaser shall, and shall cause its Affiliates to, take, or cause to be taken, all actions, and do, or cause to be done, all things necessary to: (i) maintain in effect the Financing Commitment Letters; (ii) consummate the financings contemplated by the Financing Commitment Letters on the terms and conditions described therein ~~as promptly as possible following the date hereof, including the~~ negotiation and execution of definitive credit or loan or other agreements and all other documentation with respect to the financings contemplated in the Financing Commitment Letters (correct and complete copies of which shall be delivered to Axia promptly upon execution thereof and from time to time upon request of Axia); and (iii) cause its financing sources to fund the financing under the Financing Commitment Letters required to consummate the transactions contemplated by this Agreement on the Effective Date, including, if necessary, taking enforcement actions to cause such financing sources to provide such financing in accordance with the terms thereof.
- (b) The Purchaser shall not amend or alter, or agree to amend or alter, any Financing Commitment Letter or any definitive agreement or documentation referred to in this Section 5.5 in any manner that would reasonably be expected to materially impair, delay or prevent the consummation of the transactions contemplated by this Agreement, in each case without the prior written consent of Axia. The Purchaser shall keep Axia informed with respect to all material activity concerning the status of the financings under the Financing Commitment Letters and shall promptly (and in any event within one (1) Business Day) notify Axia of: (i) the expiration or termination (or attempted or purported termination, whether or not valid) of the Financing Commitment Letters; or (ii) any refusal of any financing source to provide, or any stated intent by such financing sources to refuse to provide, the full financing contemplated by the Financing Commitment Letters, in each case, notwithstanding the efforts of the Purchaser to satisfy its obligations under this Section 5.5, and the Purchaser shall use its commercially reasonable efforts to promptly arrange for alternative financing (which shall be in an amount sufficient to pay, when added with the other financing under the Financing Commitment Letters, the aggregate Consideration payable under the Arrangement, as applicable, and all necessary fees, expenses and other amounts in connection with the consummation of the transactions contemplated hereunder) to replace the financing contemplated by such expired or terminated commitments or

arrangements or for which such financing source has refused to provide such financing. The Purchaser shall deliver correct and complete copies of any modified or replacement Financing Commitment Letters to Axia as promptly as practicable following the execution thereof.

- (c) The Purchaser acknowledges and agrees that none of Axia or its Affiliates and Representatives shall have any responsibility for any financing that the Purchaser may raise in connection with the transactions contemplated hereby. The Purchaser also acknowledges and agrees that its obtaining financing is not a condition to any of its obligations hereunder, regardless of the reasons why financing is not obtained or whether such reasons are within or beyond the control of the Purchaser. For the avoidance of doubt, if any financing referred to in this Section 5.5 is not obtained, the Purchaser shall continue to be obligated to consummate the transactions contemplated by this Agreement, subject to and on the terms contemplated by this Agreement.

5.6 Covenants of the Purchaser Relating to the Arrangement

The Purchaser shall perform all of the obligations required to be performed by it under this Agreement, co-operate with Axia in connection therewith, and do all such other reasonable acts and things as may be necessary or desirable in order to consummate and make effective, as promptly as reasonably practicable, the transactions contemplated in this Agreement and, without limiting the generality of the foregoing or the obligations in Article 2 of this Agreement, the Purchaser shall use commercially reasonable efforts to:

- (a) obtain as promptly as practicable following execution of this Agreement all third party consents, approvals and notices required under any of the Axia Material Contracts;
- (b) defend all lawsuits or other legal, regulatory or other proceedings against it challenging or affecting this Agreement or the consummation of the transactions contemplated hereby;
- (c) subject to the terms of this Agreement, take all necessary action to ensure that it has sufficient funds to carry out the obligations under this Agreement; and
- (d) satisfy all conditions precedent in this Agreement.

5.7 Covenants of the Purchaser Relating to Directors' and Officers' Insurance and Indemnification

- (a) Axia shall arrange prior to the Effective Date to purchase, and in each case the Purchaser shall pay for, for the period from the Effective Date until six (6) years after the Effective Date, a tail directors' and officers' liability insurance policy providing coverage for the present and former directors and officers of Axia and its Subsidiaries with respect to any claims arising from facts or events that occurred on or prior to the Effective Date (including in connection with this Agreement or the transactions contemplated hereby) on terms comparable to those contained in the current insurance policy of Axia and its Subsidiaries, provided

that the premiums payable for such insurance do not exceed 300% of the premiums currently payable by Axia or its Subsidiaries for such directors' and officers' liability insurance; provided, further, that in the event such premiums exceed 300%, the Purchaser shall, or at Axia's option, Axia shall arrange prior to the Effective Time, to purchase such insurance up to the amount that can be purchased with a premium at such 300% level.

- (b) From and after the Effective Date, the Purchaser shall, and shall cause the Axia Entities (or any successor(s) of the Axia Entities) to, until the sixth (6th) anniversary of the Effective Date (or, in the case of clause (ii) below, for so long thereafter as any claim for indemnification asserted on or prior to such date has not been finally adjudicated): (i) keep and not amend, modify or repeal any provision of the current indemnity agreements in place for the current directors and officers of the Axia Entities; (ii) indemnify the current and former directors and officers of the Axia Entities to the fullest extent to which the Axia Entities are permitted to indemnify such officers and directors with respect to any claims arising from facts or events that occurred on or prior to the Effective Date (including in connection with this Agreement or the transactions contemplated hereby); and (iii) not take any action so as to amend, modify or repeal the provisions for indemnification of directors, officers or employees contained in the organizational documents of the Axia Entities in such a manner as would adversely affect the rights of any individual who shall have served as a director or officer of any of the Axia Entities prior to the Effective Date to be indemnified by such entities in respect of their serving in such capacities at or prior to the Effective Time. For greater certainty, the Purchaser's insurance and indemnification obligations hereunder shall extend to all Subsidiaries of Axia.
- (c) The provisions of this Section 5.7 shall survive the consummation of the transactions contemplated by this Agreement and are intended to be for the benefit of, and will be enforceable by, each individual referred to in this Section 5.7, his or her heirs and successors and his or her legal representatives (collectively, the "**Directors and Officers**") and, for such purpose, Axia hereby confirms that it is acting as agent and trustee on behalf of the Directors and Officers. The Purchaser agrees to pay from time to time as necessary all expenses, including reasonable attorneys' fees, that may be incurred by the Directors and Officers in enforcing the indemnity and other obligations provided for in this Section 5.7.
- (d) If, after the date hereof, any of the Purchaser or Axia or any of their respective Subsidiaries or any of their respective successors or assigns shall: (i) amalgamate, consolidate with or merge or wind up into any other Person and shall not be the continuing or surviving entity; or (ii) transfer all or substantially all of its prospective assets to any Person, then, and in each such case, proper provisions shall be made so that the successors and assigns of such entity, as applicable, shall assume all of the obligations set forth in this Section 5.7.
- (e) The Purchaser agrees that it shall directly honour all rights to indemnification or exculpation now existing in favour of present and former Directors and Officers

of Axia and its Subsidiaries, which shall survive the completion of the Arrangement and shall continue in full force and effect.

ARTICLE 6 CONDITIONS

6.1 Mutual Conditions Precedent

The obligations of the Parties to complete the Arrangement are subject to the fulfillment of each of the following conditions precedent on or before the Effective Time, each of which may only be waived by the mutual consent of the Parties:

- (a) the Arrangement Resolution shall have been approved and adopted by the Axia Shareholders at the Axia Shareholder Meeting in accordance with the terms of this Agreement and the Interim Order;
- (b) the Interim Order and the Final Order shall each have been obtained on terms consistent with this Agreement, and shall not have been set aside or modified in a manner unacceptable to the Parties, acting reasonably, on appeal or otherwise;
- (c) the Articles of Arrangement to be filed with the Registrar under the ABCA in accordance with the Arrangement shall be in a form and content consistent with this Agreement and satisfactory to the Parties, each acting reasonably;
- (d) the Key Regulatory Approvals have been made, given or obtained on terms acceptable to Axia and the Purchaser, each acting reasonably (and taking into account the covenants of Axia in this respect in Section 5.3 and the Purchaser in this respect in Section 5.4), and each such Key Regulatory Approval is in force and has not been modified;
- (e) no act, action, suit, proceeding, objection or opposition shall have been threatened, taken or commenced (whether, for greater certainty by a Governmental Entity or any other Person) by any domestic or foreign Governmental Entity in Canada or elsewhere, whether or not having the force of Law, and no Law, policy, decision or directive shall have been proposed, enacted, promulgated or applied by a Governmental Entity, whether or not having the force of law, which:
 - (i) has the effect to cease trade, enjoin, prohibit or impose material limitations or conditions on the completion of the Arrangement or that would materially delay the completion of the Arrangement;
 - (ii) results in a judgment or assessment of material damages directly or indirectly relating to the transactions contemplated by this Agreement; or
 - (iii) would make the consummation of the Arrangement illegal; and
- (f) this Agreement shall not have been terminated in accordance with its terms.

6.2 Additional Conditions Precedent to the Obligations of the Purchaser

The obligation of the Purchaser to complete the Arrangement is subject to the fulfillment of each of the following conditions precedent on or before the Effective Time (each of which is for the exclusive benefit of the Purchaser and may be waived by the Purchaser in whole or in part at any time):

- (a) all covenants of Axia under this Agreement to be performed on or before the Effective Time shall have been duly performed by Axia in all material respects and the Purchaser shall have received a certificate of Axia addressed to the Purchaser and dated the Effective Date, signed on behalf of Axia by a senior executive officer of Axia (on Axia's behalf and without personal liability), confirming the same as at the Effective Time;
- (b) the representations and warranties of Axia set forth in this Agreement shall be true and correct in all respects, without regard to any materiality or Material Adverse Effect qualifications contained in them, as of the Effective Time as though made on and as of the Effective Time (except for representations and warranties made as of a specified date, the accuracy of which shall be determined as of that specified date), except where the failure or failures of such representations and warranties to be so true and correct in all respects would not reasonably be expected to have a Material Adverse Effect; and the Purchaser shall have received a certificate of Axia addressed to the Purchaser and dated the Effective Date, signed on behalf of Axia by a senior executive officer of Axia (on Axia's behalf and without personal liability), confirming the same as at the Effective Time;
- (c) between the date hereof and the Effective Time, there shall not have occurred a Material Adverse Effect;
- (d) the Voting Agreements with the Locked-up Shareholders remaining in effect (other than Voting Agreements that the Purchaser has unilaterally terminated or that the Purchaser has mutually agreed with the Locked-up Shareholder to terminate);
- (e) Dissent Rights shall not have been exercised in respect of more than 15% of the Axia Shares that shall not have been withdrawn at the Effective Time;
- (f) Axia shall have delivered to the Purchaser:
 - (i) certified copies of:
 - (A) all resolutions of the Axia Board approving the entering into of this Agreement and the completion of the transactions contemplated by this Agreement; and
 - (B) a list of the officers and directors of Axia authorized to sign agreements together with their specimen signatures; and

- (ii) duly executed resignations and mutual releases, effective as of the Effective Time, of each Axia Resigning Director and Officer, in customary form as agreed to by the Parties, acting reasonably.

6.3 Additional Conditions Precedent to the Obligations of Axia

The obligation of Axia to complete the Arrangement is subject to the fulfillment of each of the following conditions precedent on or before the Effective Time (each of which is for the exclusive benefit of Axia and may be waived by Axia in whole or in part at any time):

- (a) all covenants of the Purchaser under this Agreement to be performed on or before the Effective Time shall have been duly performed by the Purchaser in all material respects and Axia shall have received a certificate of the Purchaser, addressed to Axia and dated the Effective Date, signed on behalf of the Purchaser by one of its senior executive officers (on the Purchaser's behalf and without personal liability), confirming the same as of the Effective Time;
- (b) the representations and warranties of the Purchaser set forth in this Agreement shall be true and correct in all respects, without regard to any materiality or material adverse effect qualifications contained in them, as of the Effective Time as though made on and as of the Effective Time (except for representations and warranties made as of a specified date, the accuracy of which shall be determined as of that specified date), except where the failure or failures of such representations and warranties to be so true and correct in all respects would not reasonably be expected to have a material adverse effect on the ability of the Purchaser to consummate the transactions contemplated hereunder, and Axia shall have received a certificate of the Purchaser addressed to Axia and dated the Effective Date, signed on behalf of the Purchaser by a senior executive officer of the Purchaser (on the Purchaser's behalf and without personal liability) confirming the same as at the Effective Time; and
- (c) the Purchaser shall have complied with its obligations under Section 2.10 and the Depositary shall have confirmed receipt of the funds required to (i) make the payments required in respect of the cancellation of the outstanding Axia Options and Axia DSUs, and (ii) pay the aggregate amount of Consideration payable for all issued and outstanding Axia Shares pursuant to the Arrangement in accordance with the Plan of Arrangement.

6.4 Satisfaction of Conditions

The conditions set out in this Article 6 are conclusively deemed to have been satisfied, waived or released when, with the agreement of the Parties, Articles of Arrangement are filed under the ABCA to give effect to the Arrangement.

ARTICLE 7
ADDITIONAL AGREEMENTS

7.1 Axia Non-Solicitation

- (a) Except as otherwise expressly provided for in this Agreement (including, without limitation, in this Section 7.1), on and after the date hereof until the date that this Agreement is terminated, Axia and its Subsidiaries shall not, directly or indirectly, through any Representative or otherwise:
 - (i) make, solicit, assist, initiate, knowingly encourage or otherwise facilitate (including by way of furnishing information or entering into any form of written or oral agreement, arrangement or understanding other than a confidentiality agreement permitted by Section 7.1(d)(ii)(A)) any inquiries, proposals or offers from any other Person (including any of its officers or employees) relating to any Acquisition Proposal or that could reasonably be expected to result in an actual or potential Acquisition Proposal, or furnish to any Person any information with respect to, or otherwise cooperate in any way with, or assist or participate in, facilitate or encourage, any effort or attempt by any other Person to do or seek to do any of the foregoing;
 - (ii) engage or participate in any discussions or negotiations regarding, or provide any information with respect to, or otherwise co-operate in any way with, or assist or participate in, facilitate or knowingly encourage, any effort or attempt by any other Person to make or complete any Acquisition Proposal or that could reasonably be expected to result in an actual or potential Acquisition Proposal, provided that, for greater certainty, Axia may advise any Person making an unsolicited Acquisition Proposal that such Acquisition Proposal does not constitute a Superior Proposal when the Axia Board has so determined;
 - (iii) make an Axia Change in Recommendation (as hereinafter defined);
 - (iv) approve, recommend or remain neutral with respect to, or propose publicly to approve, recommend or remain neutral with respect to, any Acquisition Proposal, it being understood that publicly taking no position or a neutral position with respect to an Acquisition Proposal for a period of no more than five Business Days following the public announcement of such Acquisition Proposal shall not be considered to be in violation of this Section 7.1(a);
 - (v) approve, accept, endorse, recommend or enter into, or publicly propose to accept, endorse, or enter into any letter of intent, agreement in principle, agreement, understanding, arrangement or undertaking related to any Acquisition Proposal (other than a confidentiality agreement permitted by Section 7.1(d)(ii)(A)); or

- (vi) make any public announcement or take any other action inconsistent with, or that could reasonably be likely to be regarded as detracting from, the approval, recommendation or declaration of advisability of the Axia Board of the transactions contemplated hereby.
- (b) Axia shall, and shall cause its Subsidiaries and Representatives to, immediately cease and cause to be terminated any existing solicitation, discussions, negotiations or process with any Person (other than the Purchaser) with respect to (or which could reasonably be expected to result in) any actual or potential Acquisition Proposal and, in connection therewith, Axia will discontinue access to any of its confidential information (and not establish or allow access to any of its confidential information, or any data room, virtual or otherwise).
- (c) From and after the date of this Agreement, Axia shall promptly, and in any event on the next Business Day following receipt of or becoming aware of any inquiry, proposal or offer that constitutes or could reasonably be expected to constitute or lead to an Acquisition Proposal, provide notice to the Purchaser, at first orally and ~~then in writing~~, of any Acquisition Proposal or any proposal, inquiry, offer or request (or any amendment thereto) relating to, constituting, or that would reasonably be likely to lead to, an Acquisition Proposal, any request for discussions or negotiations relating to, or which could lead to, an Acquisition Proposal, and/or any request for non-public information relating to Axia or any Axia Subsidiary including in respect of the Business or for access to properties, books and records or a list of the shareholders of Axia or Axia Subsidiaries relating to, or which could lead to, an Acquisition Proposal. Such notice to the Purchaser shall include the identity of the Person making such proposal, inquiry, offer, request or contact, all material terms thereof, and such other details of the proposal, inquiry, offer, request or contact known to Axia, and shall include true and complete copies of any such written proposal, inquiry, offer or request, or any amendment to any of the foregoing. Axia shall thereafter provide to the Purchaser such other details of the proposal, inquiry, offer or request, or any amendment to the foregoing, as the Purchaser may reasonably request. Axia shall keep the Purchaser promptly and fully informed of the status, including any change to the material terms, of any such proposal, offer, inquiry or request and the details of any communications with such Person including pursuant to Section 7.1(a)(ii) and will respond promptly to all inquiries by the Purchaser with respect thereto.
- (d) Notwithstanding Section 7.1(a) or any other provision of this Agreement, following the receipt by Axia of a *bona fide* written Acquisition Proposal made after the date hereof and prior to the date of approval of the Arrangement Resolution by the Axia Shareholders (including, for greater certainty, an amendment, change or modification to an Acquisition Proposal made prior to the date hereof) that was not made, solicited, assisted, initiated, encouraged or otherwise facilitated after the date hereof in contravention of Section 7.1(a) and that does not involve the Purchaser, Axia may directly or through its Representatives (provided, for greater certainty, that Axia notifies the Purchaser of such Acquisition Proposal as required by Section 7.1(c) and otherwise

complies with its obligations under this Section 7.1, if and to the extent that they are applicable):

- (i) contact and engage in discussions with the Person making such Acquisition Proposal and its Representatives and potential financing sources solely for the purposes of clarifying the terms and conditions of such Acquisition Proposal and the likelihood of consummation so as to determine whether such Acquisition Proposal is, or could reasonably be expected to lead to, a Superior Proposal, provided, that Axia shall, prior to any such contact, provide a description of such terms and conditions of such Acquisition Proposal to be so clarified to the Purchaser; and
- (ii) if the Axia Board determines, in good faith (after consultation with Axia's financial advisors and outside legal counsel), that such Acquisition Proposal constitutes or could reasonably be expected to result in a Superior Proposal and in good faith (after consultation with Axia's outside legal counsel), that failure to take the relevant action would be inconsistent with its fiduciary duties under applicable Law:
 - (A) furnish information with respect to Axia and its Subsidiaries to the Person making such Acquisition Proposal and its Representatives and potential financing sources provided that Axia has entered into a confidentiality and standstill agreement with such Person that is no less favourable in any material respect to Axia than the Confidentiality Agreement and that does not include any provisions providing an exclusive right to negotiate with Axia and does not restrict Axia from complying with its obligations under this Section 7.1; provided that Axia sends a copy of any such confidentiality and standstill agreement to the Purchaser not later than the next Business Day following its execution and the Purchaser is provided with a list of, and copies of, the information provided to such Person and immediately provided with access to the information to which such Person was provided; and
 - (B) engage in discussions and negotiations with respect to the Acquisition Proposal with the Person making such Acquisition Proposal and its Representatives and potential financing sources.
- (e) Axia agrees that it will not accept, approve or enter into any agreement (a "**Proposed Agreement**"), other than a confidentiality and standstill agreement as contemplated by Section 7.1(d)(ii)(A), with any Person providing for or to facilitate any Acquisition Proposal unless:
 - (i) the Axia Board determines, in good faith (after consultation with Axia's financial advisors and outside legal counsel), that the Acquisition Proposal constitutes a Superior Proposal and determines in good faith (after consultation with Axia's outside legal counsel), that failure to take the relevant action would be inconsistent with its fiduciary duties under applicable Law;

- (ii) Axia has complied with its obligations under this Section 7.1 and the person making such Superior Proposal was not restricted from doing so pursuant to a standstill or similar agreement;
 - (iii) the Axia Shareholder Meeting has not occurred;
 - (iv) Axia has provided the Purchaser with a notice in writing that there is a Superior Proposal and of the intention of the Axia Board to approve or recommend such Superior Proposal and of Axia to enter into an agreement with respect to such Superior Proposal, together with all documentation related to and detailing the Superior Proposal including the information required by Section 7.1(c) and a copy of the proposed definitive agreement for the Superior Proposal and any financing documents supplied to Axia in connection therewith;
 - (v) five Business Days (the "**Matching Period**") shall have elapsed from the date the Purchaser received the notice and documentation referred to in Section 7.1(e)(iv) from Axia and, if the Purchaser has proposed to amend the terms of this Agreement and the Arrangement in accordance with Section 7.1(f), the Axia Board shall have determined, in good faith, after consultation with Axia's financial advisors and outside legal counsel, that the Acquisition Proposal continues to constitute a Superior Proposal compared to the proposed amendment to the terms of this Agreement and the Arrangement by the Purchaser;
 - (vi) Axia concurrently terminates this Agreement pursuant to Section 8.2(a)(iv)(B); and
 - (vii) Axia has previously, or concurrently will have, paid to the Purchaser, the Termination Payment in accordance with Section 8.3.
- (f) Axia acknowledges and agrees that, during the Matching Period or such longer period as Axia may approve for such purpose (in its sole and absolute discretion), the Purchaser shall have the right, but not the obligation, to propose to amend the terms of this Agreement and the Arrangement. The Axia Board will review any proposal by the Purchaser to amend the terms of this Agreement and the Arrangement in order to determine, in good faith, after consultation with Axia's financial advisors and outside legal counsel, whether the Purchaser's proposal to amend this Agreement and the Arrangement would result in the Acquisition Proposal not being a Superior Proposal compared to the proposed amendment to the terms of this Agreement and the Arrangement, and Axia shall, and shall cause its financial and legal advisors to, negotiate in good faith with the Purchaser to make such amendments to the terms of this Agreement and the Arrangement as would enable the Purchaser to proceed with the Arrangement on such amended terms. If the Axia Board determines that an Acquisition Proposal is not a Superior Proposal as compared to the proposed amendment to the terms of this Agreement and the Arrangement, it will promptly enter into the proposed amendment to this Agreement and the Arrangement. If the Axia Board determines that an Acquisition Proposal is a Superior Proposal as compared to the proposed

amendment to the terms of this Agreement and the Arrangement, Axia may approve, recommend and/or enter into an agreement to proceed with the Superior Proposal.

- (g) The Axia Board shall reaffirm its recommendation of the Arrangement by press release within five Business Days after: (i) any Acquisition Proposal which the Axia Board determines not to be a Superior Proposal is publicly announced or made; or (ii) the Axia Board determines that a proposed amendment to the terms of this Agreement and the Arrangement would result in the Acquisition Proposal which has been publicly announced or made not being a Superior Proposal. The Purchaser will be given a reasonable opportunity to review and comment on the form and content of any such press release and Axia shall make reasonable amendments to such press release requested by the Purchaser or its counsel.
- (h) Except as expressly permitted by Section 7.1(e), neither the Axia Board, nor any committee thereof shall permit Axia accept or enter into any agreement requiring Axia to abandon, terminate or fail to consummate the Arrangement or providing for the payment of any break, termination or other fees or expenses to any person proposing an Acquisition Proposal in the event that Axia completes the transactions contemplated hereby or any other transaction with the Purchaser.
- (i) Except for an agreement entered into pursuant to Section 7.1(e), Axia will not become a party to any Contract with any Person subsequent to the date hereof that limits or prohibits Axia from (i) providing or making available to the Purchaser and its Affiliates and Representatives any information provided or made available to such Person or its Representatives pursuant to any confidentiality agreement described in this Section 7.1, or (ii) providing the Purchaser and its Affiliates and Representatives with any other information required to be given to it by Axia under this Section 7.1.
- (j) Axia agrees (i) not to release any Persons from, or terminate, modify, amend or waive the terms of, any confidentiality agreement or standstill agreement or standstill provisions in any such confidentiality agreement that Axia entered into prior to the date hereof, (ii) to promptly and diligently enforce all standstill, non-disclosure, non-disturbance, non-solicitation and similar covenants that it has entered into prior to the date hereof or enter into after the date hereof (it being acknowledged and agreed that the automatic termination of any standstill provisions of any such agreement as the result of entering into or making an announcement of this Agreement shall not be a violation of this Section 7.1(j)). Axia shall forthwith, if provided for in a confidentiality agreement with such Person, and if requested by the Purchaser, request the return or destruction of all information provided to any third party that has entered into a confidentiality agreement with Axia to the extent that such information has not previously been returned or destroyed, and shall use all commercially reasonable efforts to ensure that such requests are honoured.
- (k) Nothing in this Agreement shall prevent the Axia Board from (i) responding through a directors' circular or otherwise, only to the extent required by applicable

Securities Laws, to an Acquisition Proposal that it determines is not a Superior Proposal, and (ii) making any disclosure to the securityholders of Axia if the Axia Board, acting in good faith and upon the advice of its legal advisors, shall have first determined that the failure to make such disclosure would be inconsistent with the fiduciary duties of the Axia Board or such disclosure is otherwise required under applicable Law; provided that the Axia Board shall not be permitted to make an Axia Change in Recommendation, other than as permitted by Section 7.1(e) or in the event that a material adverse effect has occurred with respect to the Purchaser and the Axia Board determines, acting in good faith and upon the advice of its legal counsel, that it is necessary to communicate that fact to the Axia Shareholders in order for the Axia Board to comply with its fiduciary duties or applicable Law.

- (l) Each successive material modification of or amendment to any Acquisition Proposal shall constitute a new Acquisition Proposal for the purposes of this Section 7.1; provided that the Matching Period in respect of such new Acquisition Proposal shall extend by two Business Days from the Purchaser's receipt of the notice thereof.
- (m) Axia shall ensure that its Representatives and Subsidiaries are aware of the provisions of this Section 7.1. Axia shall be responsible for any breach of this Section 7.1 by its Representatives or Subsidiaries.

7.2 Access to Information; Confidentiality Agreement

- (a) From the date hereof until the earlier of the Effective Time and the termination of this Agreement in accordance with its terms, upon reasonable written notice:
 - (i) Axia shall afford to the Purchaser and its Representatives such access as they may reasonably require during regular business hours and at mutually agreed times (for the purpose of facilitating integration business planning) to Axia's and its Subsidiaries' respective officers, employees, agents, properties, books, records and Contracts, as applicable; and
 - (ii) Axia shall furnish the Purchaser with all applicable data and information as it may reasonably request for such purposes; provided that the provision of information pursuant to clauses (i) and (ii) or any other provision of this Agreement does not: (A) cause significant competitive harm to Axia or its Subsidiaries if the transactions contemplated by this Agreement are not consummated; (B) unreasonably interfere with the conduct of the business of Axia and its Subsidiaries; (C) violate any Law, including any antitrust or competition Law, fiduciary duty, Authorization, Contract or Permit applicable to Axia or its Subsidiaries; or (D) jeopardize any solicitor/attorney-client or other legal privilege; provided that the Parties hereto shall cooperate in seeking to find a way to permit disclosure of such information to the extent doing so can reasonably (in the good faith belief of Axia, after consultation with counsel) be accommodated. The Purchaser acknowledges and agrees that information and access furnished under and pursuant to this Agreement, including Sections 5.1(h), Section 5.3 and this Section 7.2, shall be subject to all applicable antitrust and competition laws and the terms and conditions of the Confidentiality Agreement, which shall continue to apply in full force and effect notwithstanding

the execution of this Agreement by the Parties or the announcement of this Agreement.

- (b) For the avoidance of doubt, if this Agreement is, for any reason, terminated prior to the Effective Date, this Section 7.2 (other than the first sentence of Section 7.2(a)) shall nonetheless continue in full force and effect.

7.3 Withholding Rights

Notwithstanding anything in this Agreement or the Plan of Arrangement to the contrary, Axia, the Depositary, the Purchaser or one or more Affiliates or Subsidiaries of Axia or the Purchaser, as the case may be, shall be entitled to deduct and withhold from any amount otherwise payable to any Person pursuant to this Agreement or the Plan of Arrangement and from all dividends or other distributions or other payments otherwise payable to any former securityholder of Axia, such amounts as are required to be deducted and withheld with respect to the making of such payment under the Tax Act or any provision of applicable local, state, provincial or foreign Law, in each case, as amended, or the administrative practice of the relevant Governmental Entity administering such Law. To the extent that amounts are so withheld, such withheld amounts shall be treated for all purposes of this Agreement and the Plan of Arrangement as having been paid to the Person, in respect of which such deduction and withholding was made, provided that such withheld amounts are actually remitted to the appropriate Governmental Entity within the time required by and in accordance with applicable Law. Subject to compliance with Laws, the Purchaser and/or the Depositary, as the case may be, shall not withhold on the aggregate amount of Consideration payable to Axia Shareholders on the acquisition of all of the issued and outstanding Axia Shares, as further set out in Section 2.10(a).

7.4 Notices of Certain Events

- (a) Each Party will give prompt notice to the other Parties of the occurrence, or failure to occur, at any time from the date hereof until the earlier to occur of the termination of this Agreement pursuant to its terms and the Effective Time, of any event or state of facts which occurrence or failure would, or would be likely to:
 - (i) cause any of the representations or warranties of such Party contained herein to be untrue or inaccurate in any material respect on the date hereof or at the Effective Time; or
 - (ii) result in the failure to comply with or satisfy any covenant, condition or agreement to be complied with or satisfied by such Party hereunder prior to the Effective Time,

provided, however, that the delivery of any notice pursuant to this Section 7.4 shall not affect the representations or warranties of the Parties or the conditions to the obligations of the Parties hereunder, nor shall it limit or otherwise affect the remedies available hereunder to the Parties receiving that notice.

- (b) No Party may elect not to complete the transactions contemplated hereby pursuant to the conditions set forth herein or any termination right arising therefrom under Section 8.2(a)(iii)(B) or Section 8.2(a)(iv)(A) and no payments are payable as a

result of such termination pursuant to Section 8.3 unless, prior to the Effective Date, the Party intending to rely thereon has delivered a written notice to the other Parties specifying in reasonable detail all breaches of covenants, representations and warranties or other matters which the Party delivering such notice is asserting as the basis for the non-fulfilment of the applicable condition or termination right, as the case may be. If any such notice is delivered, provided that a Party is proceeding diligently to cure such matter and such matter is capable of being cured (except that no cure period shall be provided for a breach which by its nature cannot be cured and, in no event, shall any cure period extend beyond the Outside Date), no Party may terminate this Agreement until the earlier of (i) the expiration of a period of five Business Days from such notice, and (ii) the Outside Date.

ARTICLE 8

TERM, TERMINATION, AMENDMENT AND WAIVER

8.1 Term

This Agreement shall be effective from the date hereof until the earlier of the Effective Time and the termination of this Agreement in accordance with its terms.

8.2 Termination

- (a) Subject to Section 8.3, this Agreement may be terminated at any time prior to the Effective Time (notwithstanding any approval of this Agreement or the Arrangement Resolution by the Axia Shareholders and/or by the Court, as applicable):
 - (i) by mutual written agreement of the Parties;
 - (ii) by any Party, if:
 - (A) the Effective Time shall not have occurred on or before the Outside Date, except that the right to terminate this Agreement under this Section 8.2(a)(ii)(A) shall not be available to any Party whose failure to fulfill any of its obligations or breach of any of its representations and warranties under this Agreement has been the principal cause of, or resulted in, the failure of the Effective Time to occur by such Outside Date;
 - (B) after the date hereof, there shall be enacted or made any applicable Law that makes consummation of the Arrangement illegal or otherwise prohibited or enjoins Axia or the Purchaser from consummating the Arrangement and such applicable Law, prohibition or injunction shall have become final and non-appealable; or
 - (C) Axia Shareholder Approval shall not have been obtained at the Axia Shareholder Meeting in accordance with the Interim Order.

(iii) by the Purchaser, if:

- (A) (1) the Axia Board fails to make, or withdraws, amends, modifies or qualifies (or proposes publicly to withdraw, amend, modify or qualify) in a manner adverse to the Purchaser, or fails to publicly reaffirm, its recommendation of the Arrangement within 10 calendar days (and in any case prior to the Axia Shareholder Meeting) after having been requested in writing by the Purchaser to do so (an "**Axia Change in Recommendation**"); (2) the Axia Board or a committee thereof shall have approved or recommended any Acquisition Proposal or authorized Axia to enter into a Proposed Agreement (other than a confidentiality and standstill agreement permitted by Section 7.1(d)(ii)(A)); or (3) Axia shall have breached Section 7.1;
- (B) a breach of any representation or warranty or failure to perform any covenant or agreement on the part of Axia set forth in this Agreement ~~(other than in Section 7.1)~~ shall have occurred that would cause the conditions set forth in Sections 6.1 or 6.2 not to be satisfied, and such conditions are incapable of being satisfied by the Outside Date, and provided that the Purchaser is not then in material breach of this Agreement so as to cause any condition in Sections 6.1 or 6.3 not to be satisfied;
- (C) after the date of this Agreement, a Material Adverse Effect shall have occurred; or
- (D) the Axia Shareholder Meeting shall not have occurred on or before the Outside Date, except that the right to terminate this Agreement under this clause shall not be available to the Purchaser if its failure to fulfill any of its obligations or breach of any of its representations and warranties under this Agreement has been the principal cause of, or resulted in, the failure of the Axia Shareholder Meeting to occur on or before the Outside Date;

(iv) by Axia, if:

- (A) a breach of any representation or warranty or failure to perform any covenant or agreement on the part of the Purchaser set forth in this Agreement shall have occurred that would cause the conditions set forth in Sections 6.1 or 6.3 not to be satisfied, and such conditions are incapable of being satisfied by the Outside Date, and provided that Axia is not then in material breach of this Agreement so as to cause any condition in Sections 6.1 or 6.2 not to be satisfied;
- (B) prior to the Arrangement Resolution being passed, Axia wishes to enter into a binding written agreement with respect to a Superior Proposal (other than a confidentiality and standstill agreement

permitted by Section 7.1(d)(ii)(A)), subject to compliance with Section 7.1 and provided that no termination under this Section 8.2(a)(iv)(B) shall be effective unless and until Axia shall have paid to the Purchaser the amount required to be paid pursuant to Section 8.3; or

- (C) all conditions precedent in Article 6 have been satisfied or waived (other than those conditions that, by their nature, are capable of satisfaction only at the Effective Time and the condition set forth in Section 6.3(c)) and the Purchaser fails to deposit or cause to be deposited the funds required to be deposited by it pursuant to Section 2.10 on or prior to the date on which the Articles of Arrangement would have otherwise been required to be filed pursuant to Section 2.9.
- (b) The Party desiring to terminate this Agreement pursuant to this Section 8.2 (other than pursuant to Section 8.2(a)(i)) shall give notice of such termination to the other Parties, specifying in reasonable detail the basis for such Party's exercise of its termination right.
- (c) If this Agreement is terminated pursuant to this Section 8.2, this Agreement shall become void and be of no further force or effect without liability of any Party (or any shareholder, director, officer, employee, agent, consultant or Representative of such Party) to any other Party hereto, except that: (i) the provisions of Section 7.2 that are stated therein to survive termination, Section 2.4(b), this Section 8.2(c), Section 8.3, Article 9 and all related definitions set forth in Section 1.1 and the provisions of the Confidentiality Agreement shall survive any termination hereof pursuant to Section 8.2(a); and (ii) neither the termination of this Agreement nor anything contained in this Section 8.2(c) shall relieve or have the effect of relieving any Party from liability for damages incurred or suffered by any other Party as a result of an intentional or wilful breach of this Agreement.

8.3 Expenses and Termination Payments

- (a) Except as otherwise provided herein, all fees, costs and expenses incurred in connection with this Agreement and the Plan of Arrangement shall be paid by the Party incurring such fees, costs or expenses. The expenses of any proxy solicitation firm retained pursuant to Section 5.2(a) shall be paid by the Purchaser. The filing fees payable in respect of any filings made to secure the Key Regulatory Approvals shall be paid by the Purchaser and Axia as to 50% each. For greater certainty, nothing in this Agreement (including, without limitation, Section 5.1) shall prevent or limit Axia and its Subsidiaries from paying the reasonable fees and disbursements (plus applicable Taxes if any) of their respective legal, accounting and financial advisors which are incurred in connection with the transactions contemplated hereby.

- (b) For the purposes of this Agreement, "**Termination Payment Event**" means the termination of this Agreement:
 - (i) by the Purchaser pursuant to Section 8.2(a)(iii)(A) [*Axia Change in Recommendation, Entry into Proposed Agreement or Breach of Non-Solicit*];
 - (ii) by Axia pursuant to Section 8.2(a)(iv)(B) [*Superior Proposal*]; or
 - (iii) by any Party pursuant to Section 8.2(a)(ii)(A) [*Outside Date*], or pursuant to Section 8.2(a)(ii)(C) [*Axia Shareholder Approval*], or pursuant to Section 8.2(a)(iii)(D) [*Failure to Hold Axia Meeting*], but only if, in each of these termination events, (A) prior to the earlier of the termination of this Agreement and the date of the Axia Shareholder Meeting, an Acquisition Proposal shall have been made or proposed to Axia and publicly announced by any Person other than the Purchaser, or a Person shall have publicly announced an intention to do so (which has not been withdrawn), and (B) within twelve months following the date of such termination, (x) an Acquisition Proposal (whether or not such Acquisition Proposal is the same Acquisition Proposal referred to in clause (A) above) is consummated or effected; or (y) Axia or one or more of its Subsidiaries enters into a definitive agreement in respect of an Acquisition Proposal (whether or not such Acquisition Proposal is the same Acquisition Proposal referred to in clause (A) above) and such Acquisition Proposal is subsequently consummated (whether or not such consummation is before or after the twelve month period) (for purposes of this Section 8.3(b)(iii), the term "Acquisition Proposal" shall have the meaning ascribed thereto in Section 1.1, except that a reference to "20%" therein shall be deemed to be a reference to "50%").
- (c) If a Termination Payment Event occurs, Axia shall pay the Termination Payment to the Purchaser, or as the Purchaser may direct, as liquidated damages in consideration for the loss of the Purchaser's rights under this Agreement, by wire transfer of immediately available funds, as follows:
 - (i) if the Termination Payment is payable pursuant to Section 8.3(b)(i), the Termination Payment shall be payable within three Business Days following such termination;
 - (ii) if the Termination Payment is payable pursuant to Section 8.3(b)(ii), the Termination Payment shall be payable concurrently with the execution of the agreement with respect to the Superior Proposal referred to in Section 8.2(a)(iv)(B); or
 - (iii) if the Termination Payment is payable pursuant to Section 8.3(b)(iii), the Termination Payment shall be payable concurrently with the consummation/closing of the Acquisition Proposal referred to therein, and any Expense Reimbursement Payment paid shall be credited towards payment of such Termination Payment, provided that prior to the payment

of such Termination Payment, Axia shall be deemed to hold such funds in trust for the Purchaser.

- (d) If the Purchaser terminates this Agreement pursuant to Section 8.2(a)(iii)(B) [*Axia Breach*], or the Agreement is terminated pursuant to Section 8.2(a)(iii)(D) [*Failure to Hold Axia Meeting*] or Section 8.2(a)(ii)(C) [*Axia Shareholder Approval*], Axia will pay or cause to be paid to the Purchaser an expense reimbursement payment (the "**Expense Reimbursement Payment**") in an amount equal to the total of all out-of-pocket fees and expenses incurred by the Purchaser in connection with the transactions provided for in this Agreement (including hedging costs) up to a maximum of \$3,000,000. The Purchaser shall deliver to Axia a written notice setting out the total amount of the Expense Reimbursement Payment claim that includes a breakdown thereof showing the sources of such fees and expenses. The Expense Reimbursement Payment will be paid in immediately available funds by way of wire transfer on the third Business Day immediately following the delivery by the Purchaser of the written notice contemplated by this Section 8.3(d).
- (e) If Axia terminates this Agreement pursuant to Section 8.2(a)(iv)(A) [*Purchaser Breach*], the Purchaser shall pay or cause to be paid to Axia an expense reimbursement payment (the "**Axia Expense Reimbursement Payment**") in an amount equal to the total of all out-of-pocket fees and expenses incurred by Axia in connection with the transactions provided for in this Agreement up to a maximum of \$3,000,000. Axia will deliver to the Purchaser a written notice setting out the total amount of the Axia Expense Reimbursement Payment claim that includes a breakdown thereof showing the sources of such fees and expenses. The Axia Expense Reimbursement Payment will be paid in immediately available funds by way of wire transfer on the third Business Day immediately following the delivery by Axia of the written notice contemplated by this Section 8.3(e).
- (f) Each of the Parties acknowledges that the agreements contained in this Section 8.3 are an integral part of the transactions contemplated in this Agreement and that, without those agreements, the Parties would not enter into this Agreement. Each Party acknowledges that all of the payment amounts set out in this Section 8.3 are payments of liquidated damages which are a genuine pre-estimate of the damages which the Party entitled to such damages will suffer or incur as a result of the event giving rise to such payment and the resultant termination of this Agreement and are not penalties. Each Party irrevocably waives any right it may have to raise as a defence that any such liquidated damages are excessive or punitive. For greater certainty, the Parties agree that, subject to Section 8.3(g), upon any termination of this Agreement under circumstances where (i) the Purchaser is entitled to a Termination Payment or the Expense Reimbursement Payment and the Termination Payment or Expense Reimbursement Payment, as the case may be, is paid in full, or (ii) Axia is entitled to the Axia Expense Reimbursement Payment and the Axia Expense Reimbursement Payment is paid in full, the Purchaser or Axia, as applicable, shall be precluded from any other remedy against the other Party at Law or in equity or otherwise (including, without limitation, an order for specific performance), and

shall not seek to obtain any recovery, judgment, or damages of any kind, including consequential, indirect, or punitive damages, against the other Party or any of its Subsidiaries or any of their respective directors, officers, employees, partners, managers, members, shareholders or Affiliates or their respective Representatives in connection with this Agreement or the transactions contemplated hereby. Furthermore, in no event shall the Purchaser be entitled to: (i) both a Termination Payment and Expense Reimbursement Payment; or (ii) a Termination Payment or Expense Reimbursement Payment on more than one occasion, and in no event shall Axia be obligated to pay to the Purchaser an amount in respect of the termination of this Agreement that is, in aggregate, in excess of the Termination Payment.

- (g) Nothing in this Section 8.3 shall relieve or have the effect of relieving the Purchaser in any way from liability for damages incurred or suffered by Axia as a result of an intentional or wilful breach of this Agreement by the Purchaser. Nothing in this Section 8.3 shall relieve or have the effect of relieving Axia in any way from liability for damages incurred or suffered by the Purchaser as a result of an intentional or wilful breach of this Agreement by Axia.
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8.4 Amendment

Subject to the provisions of the Interim Order, the Plan of Arrangement and applicable Laws, this Agreement and the Plan of Arrangement may, at any time and from time to time before or after the holding of the Axia Shareholder Meeting but not later than the Effective Time, be amended by mutual written agreement of Axia and the Purchaser, without further notice to or Authorization on the part of the Axia Shareholders, and any such amendment may without limitation:

- (a) change the time for performance of any of the obligations or acts of the Parties;
- (b) waive any inaccuracies or modify any representation or warranty contained herein or in any document delivered pursuant hereto;
- (c) waive compliance with or modify any of the covenants herein contained and waive or modify performance of any of the obligations of the Parties; and
- (d) waive compliance with or modify any mutual conditions precedent herein contained.

8.5 Waiver

Any Party may (a) extend the time for the performance of any of the obligations or acts of the other Party, (b) waive compliance, except as provided herein, with any of the other Party's agreements or the fulfilment of any conditions to its own obligations contained herein, or (c) waive inaccuracies in any of the other Party's representations or warranties contained herein or in any document delivered by the other Party; provided, however, that any such extension or waiver shall be valid only if set forth in an instrument in writing signed on behalf of such Party and, unless otherwise provided in the written waiver, will be limited to the specific breach or condition waived. No failure or delay by any Party in exercising any right, power or privilege

under this Agreement will operate as a waiver thereof, nor will any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any right, power or privilege under this Agreement.

ARTICLE 9 GENERAL PROVISIONS

9.1 Privacy

Each Party shall comply with applicable Privacy Laws in the course of collecting, using and disclosing Personal Information about identifiable individuals in connection with the transactions contemplated by this Agreement (the "**Transaction Personal Information**"). The Purchaser shall not disclose Transaction Personal Information it receives from Axia to any Person other than to its advisors who are evaluating and advising on the transactions contemplated by this Agreement. Prior to the Effective Date, neither Party will collect, use or disclose Transaction Personal Information except as necessary for purposes that relate to the transactions contemplated by this Agreement and the information is necessary for the Parties to determine whether to proceed with such transactions and, if the determination is made to proceed with such transactions, the information is necessary for the Parties to carry out and complete such transactions. If the closing of the transactions contemplated by this Agreement does occur, Purchaser will collect, use and disclose the Transaction Personal Information disclosed to Purchaser only for those purposes for which the Transaction Personal Information was initially collected from or in respect of the individuals to which such Transaction Personal Information relates and the Transaction Personal Information relates solely to the carrying on of the business or activity or the carrying out of the objects for which the transactions took place unless (a) the Purchaser has first notified such individual of such additional purpose, and where required by applicable Privacy Laws, obtained the consent of such individual to such additional purpose, or (b) such use or disclosure is permitted or authorized by applicable Privacy Laws, without notice to, or consent from, such individual. The Parties covenant and agree that where the Parties do not complete or proceed with the transactions contemplated by this Agreement, each Party who received Transaction Personal Information will, if such information is still in the custody of or under the control of such Party, either, at such Party's option, destroy such information or return it to the Party that disclosed it. The Purchaser shall protect and safeguard the Transaction Personal Information received from Axia against unauthorized collection, use or disclosure and shall cause its advisors to observe the terms of this Section 9.1 and to protect and safeguard Transaction Personal Information in their possession.

9.2 Notices

All notices and other communications given or made pursuant to this Agreement shall be in writing and shall be deemed to have been duly given and received on the day it is delivered, provided that it is delivered on a Business Day prior to 5:00 p.m. local time in the place of delivery or receipt. However, if notice is delivered after 5:00 p.m. local time or if such day is not a Business Day then the notice shall be deemed to have been given and received on the next Business Day. Notice shall be sufficiently given if delivered (either in Person, by courier service or other personal method of delivery), or if transmitted by email to the Parties at the following addresses (or at such other addresses as shall be specified by any Party by notice to the other given in accordance with these provisions):

(a) if to the Purchaser:

Digital Connection (Canada) Corp.
Zugerstrasse 57
6341 Baar-Zug
Switzerland

Attention: Esther Peiner
Email: esther.peiner@partnersgroup.com

with a copy (which shall not constitute notice) to:

DLA Piper (Canada) LLP
1000, 250 – 2nd Street S.W.
Calgary, Alberta T2P 0C1

Attention: Robert Seidel, QC / Trevor Wong-Chor
Email: robert.seidel@dlapiper.com / trevor.wong-chor@dlapiper.com

(b) if to Axia:

Axia NetMedia Corporation
450 1st Street S.W., Suite 3300
Calgary, Alberta, Canada T2P 5H1

Attention: Arthur Price, Chairman and Chief Executive Officer
Attention: Murray Wallace, Chairman of the Special Committee
Email: art.price@axia.com / [personal information intentionally redacted]
with a copy (which shall not constitute notice) to:

Burnet, Duckworth & Palmer LLP
525 8th Avenue S.W., Suite 2400
Calgary, Alberta, Canada T2P 1G1

Attention: Bill Maslechko / Jeff Oke
Email: wsm@bdplaw.com / jto@bdplaw.com

9.3 Governing Law; Waiver of Jury Trial

This Agreement shall be governed, including as to validity, interpretation and effect, by the Laws of the Province of Alberta and the Laws of Canada applicable therein. Each of the Parties hereby irrevocably attorns to the exclusive jurisdiction of the courts of the Province of Alberta in respect of all matters arising under and in relation to this Agreement and the Arrangement. EACH PARTY TO THIS AGREEMENT HEREBY WAIVES ANY RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM (WHETHER BASED ON CONTRACT, TORT OR OTHERWISE) ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THE ACTIONS OF THE PARTIES IN THE NEGOTIATION, ADMINISTRATION, PERFORMANCE AND ENFORCEMENT OF THIS AGREEMENT.

9.4 Injunctive Relief

Subject to Section 8.3, the Parties agree that irreparable harm would occur for which money damages would not be an adequate remedy at Law in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. Accordingly, the Parties agree that at any time prior to the termination of this Agreement, in the event of any breach or threatened breach of this Agreement by a Party, the non-breaching Party will be entitled, without the requirement of posting a bond or other security, to equitable relief, including injunctive relief and specific performance, and the Parties shall not object to the granting of injunctive or other equitable relief on the basis that there exists an adequate remedy at Law. Subject to Section 8.3, such remedies will not be the exclusive remedies for any breach of this Agreement but will be in addition to all other remedies available at Law or equity to each of the Parties.

9.5 Time of Essence

Time shall be of the essence in this Agreement.

9.6 Entire Agreement, Binding Effect and Assignment

This Agreement (including the exhibits and schedules hereto and the Axia Disclosure Letter) and the Confidentiality Agreement constitute the entire agreement, and supersede all other prior agreements and understandings, both written and oral, between the Parties, or any of them, with respect to the subject matter hereof and thereof and, except as expressly provided herein, this Agreement is not intended to and shall not confer upon any Person other than the Parties any rights or remedies hereunder. Neither this Agreement nor any of the rights, interests or obligations hereunder may be assigned by any of the Parties without the prior written consent of the other Parties.

9.7 No Liability

Other than liability which may arise pursuant to the Voting Agreements, no director or officer of each Party shall have any personal liability whatsoever to the other Parties under this Agreement, or any other document delivered in connection with the transactions contemplated.

9.8 Severability

If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any rule or Law or public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any Party. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the Parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in an acceptable manner to the end that the transactions contemplated hereby are fulfilled to the fullest extent possible.

9.9 Counterparts, Execution

This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original but all of which together shall constitute one and the same instrument. The Parties shall be entitled to rely upon delivery of an executed facsimile or similar executed electronic copy of this Agreement, and such facsimile or similar executed electronic copy shall be legally effective to create a valid and binding agreement between the Parties.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF the Purchaser and Axia have caused this Agreement to be executed as of the date first written above by their respective officers thereunto duly authorized.

DIGITAL CONNECTION (CANADA) CORP.

Per: (signed) "Esther Peiner"
Name: Esther Peiner
Title: Director

AXIA NETMEDIA CORPORATION

Per: (signed) "Murray Wallace"
Murray Wallace
Chairman of the Special Committee

SCHEDULE A – PLAN OF ARRANGEMENT

PLAN OF ARRANGEMENT UNDER SECTION 193 OF THE *BUSINESS CORPORATIONS ACT* (ALBERTA)

ARTICLE 1 INTERPRETATION

1.1 Definitions

Unless indicated otherwise, where used in this Plan of Arrangement, capitalized terms used but not defined shall have the meanings specified in the Arrangement Agreement and the following terms shall have the following meanings (and grammatical variations of such terms shall have corresponding meanings):

"**ABCA**" means the *Business Corporations Act* (Alberta) and the regulations made thereunder, as now in effect and as they may be promulgated or amended from time to time.

"**Arrangement**" means the arrangement of the Company under Section 193 of the ABCA on the terms and subject to the conditions set out in this Plan of Arrangement, subject to any amendments or variations made in accordance with the terms of the Arrangement Agreement or Section 5.1 of this Plan of Arrangement or made at the direction of the Court in the Final Order (provided that any such amendment or variation is acceptable to the Parties, acting reasonably).

"**Arrangement Agreement**" means the arrangement agreement made as of March 9, 2016 between the Purchaser and the Company (including the Schedules thereto) as it may be amended, modified or supplemented from time to time in accordance with its terms.

"**Arrangement Resolution**" means the special resolution of Shareholders approving this Plan of Arrangement, which is to be considered at the Meeting, including any amendments or variations thereto made in accordance with the provisions of the Arrangement Agreement or at the direction of the Court in the Interim Order, in each case with the consent of the Company and the Purchaser, acting reasonably.

"**Articles of Arrangement**" means the articles of arrangement of the Company in respect of the Arrangement required by the ABCA to be sent to the Registrar after the Final Order is made in order for the Arrangement to become effective, which shall include this Plan of Arrangement and otherwise be in a form and content satisfactory to the Parties, each acting reasonably.

"**Business Day**" means any day, other than a Saturday, a Sunday or a statutory or civic holiday in Calgary, Alberta.

"**Certificate of Arrangement**" means the certificate or other confirmation of filing to be issued by the Registrar pursuant to Subsection 193(11) of the ABCA giving effect to the Arrangement.

"**Common Shares**" means the common shares in the authorized share capital of the Company.

"**Company**" means Axia NetMedia Corporation, a corporation incorporated under the ABCA.

"**Consideration**" means \$4.25 per Common Share, payable in cash.

"**Court**" means the Court of Queen's Bench of Alberta.

"Depository" means any trust company, bank or other financial institution agreed to in writing by the Company and the Purchaser for the purpose of, among other things, exchanging certificates representing Common Shares for the Consideration in connection with the Arrangement.

"Dissent Rights" has the meaning specified in Section 3.1.

"Dissenting Holder" means a registered Shareholder who has validly exercised its Dissent Rights and has not withdrawn or been deemed to have withdrawn such exercise of Dissent Rights, but only in respect of the Common Shares in respect of which Dissent Rights are validly exercised by such registered Shareholder.

"DSU" means a deferred share unit issued under the LTIP.

"Effective Date" means the date shown on the Certificate of Arrangement giving effect to the Arrangement.

"Effective Time" means 12:01 a.m. (Calgary time) on the Effective Date, or such other time as the Parties agree to in writing before the Effective Date.

"Final Order" means the final order of the Court in a form acceptable to the Company and the Purchaser, each acting reasonably, approving the Arrangement, as such order may be amended by the Court (with the consent of each of the Company and the Purchaser, each acting reasonably) at any time prior to the Effective Date or, if appealed, then, unless such appeal is withdrawn or denied, as affirmed or as amended (provided that any such amendment is acceptable to such Parties, each acting reasonably) on appeal.

"Governmental Entity" means: (a) any multinational, federal, provincial, territorial, state, regional, municipal, local or other government, governmental or public department, central bank, court, tribunal, arbitral body, commission, board, ministry, bureau, agency or entity, domestic or foreign; (b) any stock exchange, including the Toronto Stock Exchange; (c) any subdivision, agent, commission, board or authority of any of the foregoing; or (d) any quasi-governmental or private body, including any tribunal, commission, regulatory agency or self-regulatory organization, exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing.

"Interim Order" means the interim order of the Court in a form acceptable to the Company and the Purchaser, each acting reasonably, providing for, among other things, the calling and holding of the Meeting, as the same may be amended by the Court with the consent of the Company and the Purchaser, each acting reasonably.

"Law" or **"Laws"** means all laws (including common law), by-laws, statutes, rules, regulations, principles of law and equity, orders, rulings, ordinances, judgements, injunctions, determinations, awards, decrees or other requirements, whether domestic or foreign, and the terms and conditions of any Permit of or from any Governmental Entity or self-regulatory authority (including the Toronto Stock Exchange).

"Letter of Transmittal" means the letter of transmittal sent to holders of Common Shares for use in connection with the Arrangement.

"Liens" means any pledge, assignment, encumbrance, lien, security interest, option, right of first refusal, easement, mortgage, charge, hypothec, indenture, deed of trust, statutory or deemed trust, right of way, restriction on the use of real property, encroachment, licence to third parties, lease to third parties, security agreement, collateral assignment, title retention, conditional sale, or any other encumbrance and other restriction or limitation on use of real or personal property or irregularities in title thereto, whether

contingent or absolute, and any agreement, option, right or privilege (whether by Law, contract or otherwise) capable of becoming any of the foregoing.

"LTIP" means the Company's Long Term Incentive Plan.

"LTIP Trust" means the trust created pursuant to the LTIP Trust Agreement created for the purpose of holding Eligible Investments (as defined in the LTIP Trust Agreement), including cash contributions received from the Company, Common Shares purchased on the open market by the LTIP Trustee utilizing such cash contributions, dividends paid on such Common Shares, and the proceeds of disposition of such Common Shares.

"LTIP Trust Agreement" means the Restricted Share Unit Plan Trust Agreement dated September 15, 2014 between the Company and the LTIP Trustee establishing the LTIP Trust and providing for, among other things, the delivery of Common Shares held in the LTIP Trust by the LTIP Trustee to holders of RSUs following the vesting thereof in accordance with the LTIP.

"LTIP Trustee" means Canadian Western Trust Company, the trustee of the LTIP Trust.

"Meeting" means the special meeting of Shareholders, including any adjournment or postponement thereof, to be called and held in accordance with the Interim Order to consider the Arrangement Resolution.

"Options" means the outstanding options to purchase Common Shares granted under the Stock Option Plan.

"Participant" means a participant in the Share Purchase Plan.

"Participant Account" has the meaning ascribed thereto in the Share Purchase Plan.

"Parties" means the Company and the Purchaser, and **"Party"** means any one of them as the context requires.

"Person" includes an individual, partnership, association, body corporate, trustee, executor, administrator, legal representative, government (including any Governmental Entity) or any other entity, whether or not having legal status.

"Plan of Arrangement" means this plan of arrangement proposed under Section 193 of the ABCA, and any amendments or variations made in accordance with the Arrangement Agreement or Section 5.1 or made at the direction of the Court in the Final Order with the prior written consent of the Company and the Purchaser, each acting reasonably.

"Purchaser" means Digital Connection (Canada) Corp., a corporation incorporated under the ABCA.

"Registrar" means the Registrar of Corporations or the Deputy Registrar of Corporations for the Province of Alberta duly appointed under Section 263 of the ABCA.

"RSU" means a restricted share unit issued under the LTIP.

"Securityholders" means, collectively, the Shareholders, the holders of Options, the holders of DSUs and the holders of RSUs.

"Share Purchase Plan" means the Company's Share Purchase Plan.

"**Shareholders**" means the registered and/or beneficial holders of Common Shares, as the context requires.

"**Stock Option Plan**" means the Company's Stock Option Plan.

"**Tax Act**" means the *Income Tax Act* (Canada) and the regulations made thereunder, as they may be promulgated or amended from time to time.

1.2 Certain Rules of Interpretation

In this Plan of Arrangement, unless otherwise specified:

- (a) **Headings, etc.** The division of this Plan of Arrangement into Articles and Sections and the insertion of headings are for convenient reference only and do not affect the construction or interpretation of this Plan of Arrangement.
- (b) **Currency.** All references to dollars or to \$ are references to Canadian dollars, unless specified otherwise.
- (c) **Gender and Number.** Any reference to gender includes all genders. Words importing the singular number only include the plural and vice versa.
- (d) **Certain Phrases, etc.** The words (i) "including", "includes" and "include" mean "including (or includes or include) without limitation," (ii) "the aggregate of", "the total of", "the sum of", or a phrase of similar meaning means "the aggregate (or total or sum), without duplication, of," and (iii) unless stated otherwise, "Article", "Section", and "Schedule" followed by a number or letter mean and refer to the specified Article or Section of or Schedule to this Plan of Arrangement.
- (e) **Statutes.** Any reference to a statute refers to such statute and all rules, resolutions and regulations made under it, as it or they may have been or may from time to time be amended or re-enacted, unless stated otherwise.
- (f) **Computation of Time.** A period of time is to be computed as beginning on the day following the event that began the period and ending at 4:30 p.m. on the last day of the period, if the last day of the period is a Business Day, or at 4:30 p.m. on the next Business Day if the last day of the period is not a Business Day. If the date on which any action is required or permitted to be taken under this Plan of Arrangement by a Person is not a Business Day, such action shall be required or permitted to be taken on the next succeeding day which is a Business Day.
- (g) **Time References.** References to time herein or in any Letter of Transmittal are to local time, Calgary, Alberta.

ARTICLE 2 THE ARRANGEMENT

2.1 Arrangement Agreement

This Plan of Arrangement is made pursuant to the Arrangement Agreement.

2.2 Binding Effect

This Plan of Arrangement and the Arrangement, upon the filing of the Articles of Arrangement and the issuance of the Certificate of Arrangement, will become effective, and be binding on the Purchaser, the Company, all holders and beneficial owners of Common Shares, Options, DSUs and RSUs, including Dissenting Holders, the registrar and transfer agent of the Company, the Depositary, the LTIP Trustee and all other Persons, at and after, the Effective Time without any further act or formality required on the part of any Person.

2.3 Arrangement

At the Effective Time each of the following events shall occur and shall be deemed to occur sequentially as set out below without any further authorization, act or formality, in each case, unless stated otherwise, effective as at five minute intervals starting at the Effective Time:

- (a) all Common Shares and cash held in Participant Accounts for the benefit of Participants in the Share Purchase Plan immediately prior to the Effective Time, notwithstanding the terms of the Share Purchase Plan, shall be deemed to be unconditionally vested to such Participants;
- (b) each Option outstanding immediately prior to the Effective Time (if any), whether vested or unvested, notwithstanding the terms of the Stock Option Plan, shall be deemed to be unconditionally vested and exercisable, and such Option shall, without any further action by or on behalf of a holder of Options, be deemed to be assigned and transferred by such holder to the Company in exchange for a cash payment from the Company equal to the amount (if any) by which the Consideration per Common Share exceeds the exercise price of such Option, and such Option shall immediately be cancelled and, for greater certainty, where such amount is a negative number, neither the Company nor the Purchaser shall be obligated to pay the holder of such Option any amount in respect of such Option;
- (c) each DSU outstanding immediately prior to the Effective Time (whether vested or unvested), shall be deemed to be unconditionally vested and notwithstanding the terms of the LTIP shall, without any further action by or on behalf of a holder of DSUs, be deemed to be assigned and transferred by such holder to the Company in exchange for a cash payment from the Company equal to the Consideration per Common Share in respect of each DSU, and each such DSU shall immediately be cancelled;
- (d) each of the Common Shares held by Dissenting Holders in respect of which Dissent Rights have been validly exercised shall be deemed to have been transferred without any further act or formality to the Purchaser (free and clear of all Liens) in consideration for a debt claim against the Purchaser for the amount determined under Article 3, and:
 - (i) such Dissenting Holders shall cease to be the holders of such Common Shares and to have any rights as holders of such Common Shares other than the right to be paid fair value for such Common Shares as set out in Section 3.1;
 - (ii) such Dissenting Holders' names shall be removed as the holders of such Common Shares from the registers of Common Shares maintained by or on behalf of the Company; and
 - (iii) the Purchaser shall be deemed to be the transferee of such Common Shares, free and clear of all Liens, and shall be entered in the registers of Common Shares maintained by or on behalf of the Company;

- (e) each Common Share outstanding immediately prior to the Effective Time (including, for greater certainty, Common Shares held by the LTIP Trustee in the LTIP Trust), other than Common Shares held by a Dissenting Holder who has validly exercised such holder's Dissent Right, shall, without any further action by or on behalf of a holder of Common Shares, be deemed to be assigned and transferred by the holder thereof to the Purchaser (free and clear of all Liens) in exchange for the Consideration for each Common Share held, and:
 - (i) the holders of such Common Shares shall cease to be the holders thereof and to have any rights as holders of such Common Shares other than the right to be paid the Consideration per Common Share in accordance with this Plan of Arrangement;
 - (ii) such holders' names shall be removed from the register of the Common Shares maintained by or on behalf of the Company; and
 - (iii) the Purchaser shall be deemed to be the transferee of such Common Shares (free and clear of all Liens) and shall be entered in the register of the Common Shares maintained by or on behalf of the Company;
- (f) each RSU outstanding immediately prior to the Effective Time (whether vested or unvested), shall be deemed to be unconditionally vested and notwithstanding the terms of the LTIP and the LTIP Trust Agreement shall, without any further action by or on behalf of a holder of RSUs, be deemed to be settled in exchange for a cash payment from the LTIP Trustee (utilizing the proceeds of disposition received by the LTIP Trustee pursuant to Section 2.3(e)) equal to the Consideration per Common Share in respect of each RSU, and each such RSU shall immediately be cancelled (and, if the Parties determine it is necessary or desirable to do so, the LTIP and/or the LTIP Trust Agreement shall be amended by the Parties to give effect to the foregoing); and
- (g) (i) each holder of Options, DSUs and RSUs shall cease to be a holder of such Options, DSUs or RSUs, (ii) such holder's name shall be removed from each applicable register, (iii) the Stock Option Plan, the LTIP, the Share Purchase Plan and all agreements relating to the Options, DSUs and RSUs shall be terminated and shall be of no further force and effect (provided that the LTIP Trust Agreement shall not terminate until such time as the LTIP Trustee has wound up the LTIP Trust), and (iv) such holder shall thereafter have only the right to receive the consideration to which they are entitled pursuant to Section 2.3(b), Section 2.3(c) and Section 2.3(f) at the time and in the manner specified in Section 4.1.

ARTICLE 3 RIGHTS OF DISSENT

3.1 Rights of Dissent

Registered Shareholders may exercise dissent rights with respect to the Common Shares held by such holders ("**Dissent Rights**") in connection with the Arrangement pursuant to and in the manner set forth in Section 191 of the ABCA, as modified by the Interim Order and this Section 3.1; provided that, notwithstanding subsection 191(5) of the ABCA, the written objection to the Arrangement Resolution referred to in subsection 191(5) of the ABCA must be received by the Company not later than 5:00 p.m. (Calgary time) two Business Days immediately preceding the date of the Meeting (as it may be adjourned or postponed from time to time). Dissenting Holders who duly exercise their Dissent Rights shall be deemed to have transferred the Common Shares held by them and in respect of which Dissent Rights have been validly exercised to the Purchaser free and clear of all Liens, as provided in Section 2.3(d), and if they:

- (a) ultimately are entitled to be paid fair value for such Common Shares: (i) shall be deemed not to have participated in the transactions in Article 2 (other than Section 2.3(d)); (ii) will be entitled to be paid the fair value of such Common Shares, which fair value, notwithstanding anything to the contrary contained in Part 14 of the ABCA, shall be determined as of the close of business on the day before the Arrangement Resolution was adopted; and (iii) will not be entitled to any other payment or consideration, including any payment that would be payable under the Arrangement had such holders not exercised their Dissent Rights in respect of such Common Shares; or
- (b) ultimately are not entitled, for any reason, to be paid fair value for such Common Shares, shall be deemed to have participated in the Arrangement on the same basis as a non-Dissenting Holder of Common Shares.

3.2 Recognition of Dissenting Holders

- (a) In no circumstances shall the Purchaser, the Company or any other Person be required to recognize a Person exercising Dissent Rights unless such Person is the registered holder of those Common Shares in respect of which such rights are sought to be exercised.
- (b) For greater certainty, in no case shall the Purchaser, the Company or any other Person be required to recognize Dissenting Holders as holders of Common Shares in respect of which Dissent Rights have been validly exercised after the completion of the transfer under Section 2.3(d), and the names of such Dissenting Holders shall be removed from the registers of holders of the Common Shares in respect of which Dissent Rights have been validly exercised at the same time as the event described in Section 2.3(d) occurs. In addition to any other restrictions under Section 191 of the ABCA, none of the following shall be entitled to exercise Dissent Rights: (i) holders of Options, holders of DSUs or holders of RSUs; and (ii) Shareholders who vote or have instructed a proxyholder to vote such Common Shares in favour of the Arrangement Resolution (but only in respect of such Common Shares).

ARTICLE 4 CERTIFICATES AND PAYMENTS

4.1 Payment of Consideration

- (a) Prior to the filing of the Articles of Arrangement the Purchaser shall deposit, or arrange to be deposited, for the benefit of holders of Common Shares, cash with the Depositary in the aggregate amount equal to the payments in respect thereof required by this Plan of Arrangement, with the amount per Common Share in respect of which Dissent Rights have been exercised being deemed to be the Consideration per Common Share for this purpose, for the benefit of the holders of Common Shares. The cash deposited with the Depositary by or on behalf of the Purchaser shall be held in an interest-bearing account, and any interest earned on such funds shall be for the account of the Purchaser.
- (b) Upon surrender to the Depositary for cancellation of a certificate which immediately prior to the Effective Time represented outstanding Common Shares that were transferred pursuant to Section 2.3(e), together with a duly completed and executed Letter of Transmittal and such additional documents and instruments as the Depositary may reasonably require, the holder of such surrendered certificate shall be entitled to receive in exchange therefor, and the Depositary shall deliver to such holder, the cash which such holder has the right to receive under the Arrangement for such Common Shares, less any amounts withheld pursuant to Section 4.3, and any certificate so surrendered shall forthwith be cancelled.

- (c) As soon as practicable after the Effective Date, the Company (or in the case of the RSUs, the LTIP Trustee) shall pay the amounts, net of applicable withholdings, to be paid to holders of Options, DSUs and RSUs, either (i) pursuant to the normal payroll or payment practices and procedures of the Company or the LTIP Trustee, as the case may be, or (ii) in the event that payment pursuant to the normal payroll or payment practices and procedures of the Company or the LTIP Trustee, as the case may be, is not practicable for any such holder, by cheque (delivered to such holder of Options, DSUs or RSUs, as applicable, as reflected on the register maintained by or on behalf of the Company in respect of the Options, DSUs and RSUs).
- (d) Until surrendered as contemplated by this Section 4.1, each certificate that immediately prior to the Effective Time represented Common Shares shall be deemed after the Effective Time to represent only the right to receive upon such surrender a cash payment in lieu of such certificate as contemplated in this Section 4.1, less any amounts withheld pursuant to Section 4.3. Any such certificate formerly representing Common Shares not duly surrendered on or before the second anniversary of the Effective Date shall cease to represent a claim by or interest of any former holder of Common Shares of any kind or nature against or in the Company or the Purchaser. On such date, all cash to which such former holder was entitled shall be deemed to have been surrendered to the Purchaser or the Company, as applicable, and shall be paid over by the Depositary to the Purchaser or as directed by the Purchaser.
- (e) Any payment made by way of cheque by the Depositary (or the Company or LTIP Trustee, if applicable) pursuant to this Plan of Arrangement that has not been deposited or has been returned to the Depositary (or the Company or LTIP Trustee) or that otherwise remains unclaimed, in each case, on or before the second anniversary of the Effective Time, and any right or claim to payment hereunder that remains outstanding on the second anniversary of the Effective Time shall cease to represent a right or claim of any kind or nature and the right of the holder to receive the applicable consideration for the Common Shares, the Options, the DSUs and the RSUs pursuant to this Plan of Arrangement shall terminate and be deemed to be surrendered and forfeited to the Purchaser or the Company, as applicable, for no consideration.
- (f) No holder of Common Shares, Options, DSUs or RSUs shall be entitled to receive any consideration with respect to such Common Shares, Options, DSUs or RSUs other than any cash payment to which such holder is entitled to receive in accordance with Section 2.3 and this Section 4.1 and, for greater certainty, no such holder will be entitled to receive any interest, dividends, premium or other payment in connection therewith.

4.2 Lost Certificates

In the event any certificate which immediately prior to the Effective Time represented one or more outstanding Common Shares that were transferred pursuant to Section 2.3 shall have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the Person claiming such certificate to be lost, stolen or destroyed, the Depositary will issue in exchange for such lost, stolen or destroyed certificate, cash deliverable in accordance with such holder's Letter of Transmittal. When authorizing such payment in exchange for any lost, stolen or destroyed certificate, the Person to whom such cash is to be delivered shall as a condition precedent to the delivery of such cash, give a bond satisfactory to the Purchaser and the Depositary (acting reasonably) in such sum as the Purchaser may direct, or otherwise indemnify the Purchaser and the Company in a manner satisfactory to Purchaser and the Company, acting reasonably, against any claim that may be made against the Purchaser and the Company with respect to the certificate alleged to have been lost, stolen or destroyed.

4.3 Withholding Rights

The Purchaser, the Company, the Depositary and the LTIP Trustee shall be entitled to deduct and withhold from any amount payable to any Person under this Plan of Arrangement (including, without limitation, any amounts payable pursuant to Section 3.1), such amounts as the Purchaser, the Company, the Depositary or the LTIP Trustee determines, acting reasonably, are required or permitted to be deducted and withheld with respect to such payment under the Tax Act, the United States Internal Revenue Code of 1986 or any provision of any other Law. To the extent that amounts are so withheld, such withheld amounts shall be treated for all purposes hereof as having been paid to the Person in respect of which such withholding was made, provided that such amounts are actually remitted to the appropriate taxing authority.

4.4 No Liens

Any exchange or transfer of securities pursuant to this Plan of Arrangement shall be free and clear of any Liens or other claims of third parties of any kind.

4.5 Paramountcy

From and after the Effective Time: (a) this Plan of Arrangement shall take precedence and priority over any and all Common Shares, Options, DSUs and RSUs issued or outstanding prior to the Effective Time, (b) the rights and obligations of the Securityholders, the Company, the Purchaser, the Depositary, the LTIP Trustee and any transfer agent or other depositary therefor in relation thereto, shall be solely as provided for in this Plan of Arrangement, and (c) all actions, causes of action, claims or proceedings (actual or contingent and whether or not previously asserted) based on or in any way relating to any Common Shares, Options, DSUs or RSUs shall be deemed to have been settled, compromised, released and determined without liability except as set forth in this Plan of Arrangement.

ARTICLE 5 AMENDMENTS

5.1 Amendments to Plan of Arrangement

- (a) The Company and the Purchaser may amend, modify and/or supplement this Plan of Arrangement at any time and from time to time prior to the Effective Time, provided that each such amendment, modification and/or supplement must (i) be set out in writing, (ii) be approved by the Company and the Purchaser, each acting reasonably, (iii) be filed with the Court and, if made following the Meeting, approved by the Court, and (iv) communicated to the Securityholders if and as required by the Court.
- (b) Any amendment, modification or supplement to this Plan of Arrangement may be proposed by the Company or the Purchaser at any time prior to the Meeting (provided that the Company or the Purchaser, as applicable, shall have consented thereto) with or without any other prior notice or communication, and if so proposed and accepted by the Persons voting at the Meeting (other than as may be required under the Interim Order), shall become part of this Plan of Arrangement for all purposes.
- (c) Any amendment, modification or supplement to this Plan of Arrangement that is approved or directed by the Court following the Meeting shall be effective only if (i) it is consented to in writing by each of the Company and the Purchaser (in each case, acting reasonably), and (ii) if

required by the Court, it is consented to by some or all of the Shareholders voting in the manner directed by the Court.

- (d) Any amendment, modification or supplement to this Plan of Arrangement may be made following the Effective Date unilaterally by the Purchaser, provided that it concerns a matter which, in the reasonable opinion of the Purchaser, is of an administrative nature required to better give effect to the implementation of this Plan of Arrangement.

ARTICLE 6 FURTHER ASSURANCES

6.1 Further Assurances

Notwithstanding that the transactions and events set out in this Plan of Arrangement shall occur and shall be deemed to occur in the order set out in this Plan of Arrangement without any further act or formality, each of the Parties shall make, do and execute, or cause to be made, done and executed, all such further acts, deeds, agreements, transfers, assurances, instruments or documents as may reasonably be required by either of them in order to further document or evidence any of the transactions or events set out in this Plan of Arrangement.

SCHEDULE B - ARRANGEMENT RESOLUTION

BE IT RESOLVED THAT:

- (a) The arrangement (the "**Arrangement**") under Section 193 of the *Business Corporations Act* (Alberta) (the "**ABCA**"), involving Axia NetMedia Corporation ("**Axia**") and Digital Connection (Canada) Corp. (the "**Purchaser**"), all as more particularly described and set forth in the management information circular (the "**Circular**") of Axia dated ●, 2016 accompanying the notice of this meeting (as the Arrangement may be modified or amended), and all transactions contemplated thereby, be and are hereby authorized, approved and adopted;
 - (b) The plan of arrangement, as it may be or has been amended (the "**Plan of Arrangement**"), implementing the Arrangement, the full text of which is set out in Schedule A to the Arrangement Agreement (as hereinafter defined) (as the Plan of Arrangement may be, or may have been, modified or amended), is hereby approved and adopted;
-
- (c) The arrangement agreement (the "**Arrangement Agreement**") among Axia and the Purchaser dated as of March 9, 2016, as the same may be amended from time to time, and all the transactions contemplated therein, the actions of the directors of Axia in approving the Arrangement Agreement, and the actions of the officers of Axia in executing and delivering the Arrangement Agreement, and any amendments thereto, are hereby confirmed, authorized, ratified and approved;
 - (d) Notwithstanding that this resolution has been duly passed (and the Arrangement adopted) by the securityholders of Axia or that the Arrangement has been approved by the Court, the directors of Axia are hereby authorized and empowered, without further notice to, or approval of, the securityholders of Axia:
 - (i) to amend the Arrangement Agreement or the Plan of Arrangement (or any documents or agreements delivered in connection therewith) to the extent permitted by the Arrangement Agreement or the Plan of Arrangement, as applicable; or
 - (ii) subject to the terms of the Arrangement Agreement, not to proceed with the Plan of Arrangement and revoke this resolution at any time prior to the Effective Time (as defined in the Plan of Arrangement);
 - (e) Any one or more directors or officers of Axia is hereby authorized, for and on behalf and in the name of Axia, to execute and deliver, whether under corporate seal of Axia or not, all such agreements, forms waivers, notices, certificate, confirmations and other documents and instruments and to do or cause to be done all such other acts and things as in the opinion of such director or officer may be necessary, desirable or useful for the purpose of giving effect to these resolutions, the Arrangement Agreement and the completion of the Plan of Arrangement in accordance with the terms of the Arrangement Agreement, including:

- (i) all actions required to be taken by or on behalf of Axia, and all necessary filings and obtaining the necessary approvals, consents and acceptances of appropriate regulatory authorities; and
- (ii) the signing of the certificates, consents and other documents or declarations required under the Arrangement Agreement or otherwise to be entered into by Axia;

such determination to be conclusively evidenced by the execution and delivery of such document, agreement or instrument or the doing of any such act or thing.

ATTACHMENT 2

Trust Agreement

REDACTED IN ITS ENTIRETY

ATTACHMENT 3

CONSENT

REDACTED IN ITS ENTIRETY